



## Republican Victory 2004 Committee

2100 M Street NW Ste 170 #125 • Washington, DC 20037-1233

June 30, 2004

Lawrence H. Norton, Esq.  
General Counsel  
Office of the General Counsel  
Federal Election Commission  
999 E St., NW  
Washington, DC 20463

RE: Republican National Committee (RNC) Complaint filed June 29, 2004  
against The Republican Victory Committee, Inc.

Dear Mr. Norton:

At approximately 5pm CST yesterday evening (June 29, 2004) I received via fax a copy of the complaint filed with your office that day, from Sharon Theimer, a reporter for the Associated Press, requesting comment to meet a deadline. Today I learned from personnel at the FEC (Roger Heron (*?last name spelling?*), Phillip Dean and a woman in the public information office) that this document is not available nor in the public domain, and should not have been in the hands of a reporter and in fact the FEC would not even acknowledge to me receipt of this document and therefore I could not get an official copy from the FEC. Both Mr. Heron and Mr. Dean were very helpful, to the extent they could be, in helping me understand the FEC process within their areas of expertise.

My call to your office this morning was to simply acquire information on how to respond to the errors in the RNC complaint. I was very surprised to be told that only the RNC and your office should have had copies of it at this time. My impression when contacted by the reporter last night was that she acquired the document because it was available to the public – possibly off a website or a docket listing such as a courthouse would keep. However, since that is not the case, it's my impression the RNC "leaked" this to the press for their own gains. Furthermore, during my conversations with the reporter, she told me she only had the complaint and not all the attachments. However, she apparently contacted her source and got the attachments emailed to her. I was on the phone with her when she received this additional information and she sent me a second fax of these documents.

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I tried to reach the RNC last night after I receive the fax from the reporter and before I made comment, but was unsuccessful. This morning, I spoke with the RNC attorney that filed the complaint, Jill Vogel, to try to resolve any issues they have. Unfortunately, she was only available in her car via cell phone and did not have her documents available and therefore could not give me all the details of what the issues were and how they came to make this filing. She did say that there were other people who "worked" on this and she did not know all the details of their "findings." We agreed to talk later today when she was back at her office and I asked her how she would like me to handle any additional reporter inquiries that might result because of the AP release. She asked me to make sure I told the press that the calls we made from India were not RNC calls. I said I already had and would be happy to do so again since they were not RNC calls, but rather The Republican Victory Committee calls.

Around 2:30 pm CST I had not heard from Ms. Vogel. I placed a call into her office and spoke with her assistant, Dillon. I was told she was on a call, but she would be in the office the rest of the afternoon and could call me back. I clearly told her this morning we were not the group making calls for the RNC from India and I pointed out several errors in her facts within the complaint. I would like to address these errors in detail in this document in hopes this expedites the process and resolves any outstanding issues the RNC is concerned about. Words in bold face below are directly taken from their filing.

1. Page 2; Section I. Statement of Facts; A. Background.

- a. Concerned individuals recently contacted the RNC – Ms. Vogel was unable to tell me how many people called, and as such she could not identify any of them.
- b. Caller-identification numbers returned on these calls were associated with a call center in New Delhi, India. – This is absolutely correct. We were making calls from India on behalf of The Republican Victory Committee – not on behalf of the RNC – as they claim. Additionally, the RNC claims we were doing this with knowingly and willfully fraudulent misrepresentation. If fraud was our intent, we would have hidden the caller-identification number so no one could trace the call. We knew the caller-id was transmitting, because we received a handful of return calls at the center. Furthermore, political calls are exempt from the law requiring ANI pass-through. We were not required to post a caller-id number, yet we did so anyway. There were two reasons for this. First, Apex's dialing system capabilities could not separate different client campaigns and post different numbers. So a number had to be posted and the number is used for all their campaigns. (Again, if fraud was our intent, we would have simply used a different call center.) Secondly, the average citizen does not know the law exceptions and thus it is in our best interests to comply and take the issue off the table before a customer brings it up.

- c. In "the Washington DC of Virginia." - As the materials submitted by the RNC with this complaint attest, we had a scripted response to this question in our telemarketing script that reads, "Our office is right outside Washington DC -- in Virginia." The call center is APEX CoVantage whose corporate office is located in Herndon, VA. Furthermore, I do not believe it is against any law to decline to give the location of a call center company and/or give a general location of a company. In fact, major companies such as SBC, have company policies stating not to give the location of their call centers for security and safety reasons.

Additionally, I have been doing Republican calling since 1982. This includes fund-raising, voter ID, advocacy, and get-out-the-vote. To the best of my recollection, except in the rare case where the call center was located in the state where the candidate resided, I can't ever remember a program where the client (party, committee, candidate) wanted us to disclose the location of the call center. The instructions have always been to under no circumstances disclose the location or name of the call center.

- d. Recipients of these solicitations were led to believe that the request for money came from the Republican Party, based on the group's name, the description of the purpose and activity of the group, and the language and appearance of the group's direct mail solicitations. - The attachments provided by the RNC shows when a consumer was contacted as to who was making the solicitation request, we had a scripted response that acknowledged it can be confusing. That there were lots of groups plus candidates. Our script reads, "The Republican Victory Committee is a national group that supports state and local candidates. Your gift will go to help candidates in your state who are in close races and need help to put them over the top." The main purpose of forming our group was to have funds available to help candidates at the state and local levels win close elections by mobilizing voters. Our plans are to evaluate close state and local elections approximately one month before an election and to implement a get-out-the-vote campaign in that area. We are a Republican-leaning group, so we will target registered Republicans in that area and not only encourage them to get to the polls, but offer to assist them in securing transportation if they needed it and offer to make a special reminder call on election day - for example, to their office an hour before they go to lunch - so they remember to vote on their lunch break. In the future we may also do advocacy work, but at this time, being a start-up operation, our intent is to focus on voter mobilization of registered Republicans.

With regard to the name of the group, we did a name search and found no issues with our name selection. Furthermore, there are other groups that use the words "Republican," "Victory" and "Committee" in their names that are not affiliated with the RNC. The RNC acknowledges in the

complaint they have no ownership of the term "Victory Committee." However, before this morning's conversation with Ms. Vogel, I was unaware that the RNC had a "Victory Program" and I currently do not know the purpose nor if this program is raising money.

Is there some "confusion" in the general consumer marketplace of political fundraising? There is. However, it existed long before the organization of The Republican Victory Committee. The RNC's own telemarketing scripts direct a consumer to wait until they get a specific envelope to mail in their contribution - instructing them to do so because they know the consumer could very well have a letter in their home from the Republican National Senatorial Committee (or one of the other groups or candidates) and make mail the contribution to someone's guess thinking it was also just called. We have in fact received bank our pledge responses that state such things as "I just sent the check to Bush-Chaney." In the past we have tossed those out, but I will be keeping any we receive going forward. I'm sure every organization - including the RNC - receives such notes as part of their fundraising efforts. It does not mean the RNC's telemarketers fraudulently misrepresented themselves as raising money for the Bush campaign. Likewise, we did not tell consumers we were the RNC or the Bush campaign.

With regard to our use of an "eagle" in our logo. Postal Inspector Dominic Pinto told me this was part of the RNC's complaint to them. In our response to the Post Office we provided information on where we got the logo - which was from a website clipart.com. I also faxed this information to the reporter last night. While I was on the phone with her, she got her email of additional attachments from her source. This was after she had received our clipart.com document. She pulled up one of the down-loaded documents and said our letter had Ed Gillespie's name on it and the words Republican National Committee with an eagle. I told her that was absolutely not our letter and that the RNC had the wrong group. I specifically asked her if this letter had the same eagle as the one I had faxed her and she said yes. Then we had a short discussion about the odds of two groups picking the same logo. I was floored this could happen, but it wasn't out of the realm of possibilities since we got the logo off a public website. Within about 5 minutes she had up-loaded all her attachments and had figured out the letter of discussion was in fact an RNC letter, not ours; and she had not looked at our eagle logo and when she did found they are different.

I've attached the same clipart.com documentation herein.

- e. The RNC asked those who contacted the Committee to forward any solicitation materials or other information that they received... as a result, we have detailed information regarding fraudulent phone and

mail activity, which has ultimately been the basis for independent inquiry by the U.S. Postal Service and other investigators. -- If the RNC has materials from "those who contacted the Committee" they have NOT provided it as attachments to the complaint. The materials attached are documents we provided the Postal Service in response to their inquiry. According to Inspector Pinto, this inquiry was a result of the RNC filing a complaint with them. The Postal Service did not independently investigate us -- it was a result of an RNC inquiry. Furthermore, the inquiry resulted in the minimum action taken to dismiss the claim. The RNC filed the complaint. The Postal Service sent notice to us they were holding our mail and requesting documents. We provided documents and the issue was dismissed immediately -- without a hearing before a judge -- because the RNC stays were unlimited. Furthermore, the RNC has 14-days to challenge the dismissal and they did not. In their complaint to the FEC, they of course fail to mention these facts and did not attach the dismissal notices. I provided this documentation to the AP reporter and have also attached it herein.

As to "other investigations" the RNC does not provide information in the FEC claim and I know of no other investigation.

- f. The recipient of the call was eventually transferred to Jody L. Novacek in Dallas, Texas, who insisted to be the Chairman of the group, and thus further information forming the basis of this complaint came to light. -- Although I no longer have the name of this "recipient" I am very confident this is a gentleman I spoke to since there was only two incidents with an irate customer and therefore I am confident I absolutely know the circumstances of this call. I believe the man was from California, but I will be checking my telephone records this week to try to identify the man's telephone number. The call was NOT transferred to me -- I actually CALLED THE MAN BACK. I happened to know of the call because I was on the telephone with the call center when I was informed there was a very irate customer on the line with one of the agents. The man was insisting on talking to a supervisor -- which the call center honored, but the man was not satisfied with talking to the supervisor. I instructed the call center to tell the man he would get a call back from me and they gave him my name. He kept our agent on the phone for approximately 30-40 minutes. An average call is 2-3 minutes. He wanted to be transferred, but we couldn't transfer the call from the calling system. The supervisor kept turning into the room where I was on the phone and telling me the man would not let the agent off the phone and kept yelling at him that he had to transfer the call, which was impossible. By this time I had the man's name and telephone number and was planning to call him to address whatever he was upset about. I sent the supervisor back out to the calling floor to tell the man I would not call him until he hung up. The man did not want to hang up and kept yelling at

the agent not to hang up on him. In the Indian culture they are very polite and hanging up with someone who was irate is very counter to their personalities. I sent the supervisor out 2 or 3 times finally instructing the supervisor to take over the call and hang up on the man.

I called and talked to this man and there should be a record on the phone bill that will identify this call. I told him the call did generate from India. I provided him my information and the address of our post office box in Washington, DC. I did not refer to myself as the "Chairman", although if I had, this gentleman appeared to be knowledgeable about the RNC and he certainly would have known the Chairman was Ed Gillespie. If our callers had represented we were fund-raising for the RNC and I had said I was the Chairman surely he would have questioned me on the validity of this claim. But, since we were not claiming to be the RNC, nor did I say I was the Chairman of the RNC, it's a discussion we did not have. He was told we were The Republican Victory Committee. He further told me he had lived in Washington, DC, so he was familiar with the address I had given him. He knew the calls were from India because he had already returned the caller ID number when I reached him. Additionally, shortly after this (meaning a couple days), the call center got a call from a man who identified himself as Trevor on the same number caller-id number. I know a Trevor Pearson who works at the RNC. Although I have never met Trevor, we have talked on the phone over the years and I know him to the extent that his last name is pronounced "Pearson" although spelled "Pearson". My assumption is this gentleman passed on the information we provided him to the RNC and since they did not outsource to off-shore call centers, Trevor was making an inquiry.

At the time I was unaware of what has been termed the "urban legend" that the RNC outsourced calls to India. If I had known this at the time, I probably would have called Trevor. I learned of this issue on June 4, 2004 when I received a voicemail from a friend in the DC area the day this topic was discussed in the Washington Post in a column entitled "In-the-Lowly" written by Al Kamen. This is the first I know of the India call center issue at the RNC. I went to the Post website and read the article several days after the voicemail. A person has to register to get on the site and I will be more than happy to provide you authorization to obtain the registration date/information from the Post if you need it to verify the date I became aware of the RNC's "urban legend."

To the best of my knowledge, the only calls we received from the caller-id number were these two. We also had a man mail us back a note that said he was going to send our stuff to his state party with the RNC for verification and would send his pledge after hearing back from these two groups.

There was also a man from Pennsylvania who was upset the caller used his first name versus "Mr. \_\_\_\_." Again the call center put on this name and number and I scolded this gentleman back to apologetic. We ended up having a very nice long conversation. Although I don't remember his name or where exactly he lived, phone records should reveal his phone number. Additionally, he was either the current or past county party head. And, he told me he greeted President Bush recently when the President flew in to attend the Little League World Series. It was a long conversation and he shared with me how his particular county use to be Democrat, but now all the major offices were Republican. I told him I lived in Texas and of course when Bush was re-elected Governor, he led the way for a similar "sweep" and that I placed several 100,000 phone calls to help with these elections. I shared with him we were a new group and our goal for "building a better mass trap" when it came to voter mobilization. It was a very pleasant call and he was so kind to offer any help he could extend us.

And, finally, I was monitoring calls one evening, early in the programs existence, and happened to hear a call we had with the wife of the California Republican Party head. She pledged and we mailed her a pledge letter.

I know of no other "complaints" to the RNC in association with our office. In all cases, we have responded immediately - the same day when possible or the following day. This includes calling the irate CA man, calling the Postal Service and calling the FEC first thing this morning after being contacted by the AP reporter last night. The reporter actually FAXED her request to speak with me because the number she had happened to be hooked up to a fax machine. So I even called the reporter to respond to her inquiry.

With all due respect, these are not the actions of an organization who's conducting fraudulent activity and everything the RNC has provided in this complaint appears to be the information we provided the Postal Service. If they have other materials, they have not included these in the complaint they filed with the FEC. Additionally, if fraud was our motives, it would seem reasonable we would have "shut down" after knowing we got a call from the RNC (Trevor Person) or even earlier when we talked with the wife in CA. We most certainly would not have mailed her a pledge letter and I would not have been giving my name out and returning calls to people who were upset. We did not shut down this call center until negotiations on the terms of EXPANSION of the program broke down. We were planning to increase the mass calling activity in May, June and July of this year. That would not have been the case if we were conducting fraud and had been "discovered."

2. Pages 2-3; Section I. Statement of Facts; B. Factual and Legal Analysis.

- a. At the time of these solicitations, this group lacked the means to effectuate any of these claims because it was not a federally registered political committee nor, based on a review of disclosure agencies, registered as a political committee in a single state. — Although I do not know this for a fact, my assumption is the RNC also has a copy of our 3-page letter sent to the US Postal Service in response to their inquiry. The RNC has the attachments that were sent as part of this letter and therefore I'm assuming they also have the letter. In this letter we acknowledge the wrong form was filed with the IRS and that has been corrected with no penalty from the IRS. (Again, this is information we provided freely.) We are now and first-time filers in this process. To file for non-profit status, the IRS website instructed us to use Form 1023. The instructions on this form say you have 15 months to file and the IRS then sends you a "determination letter" telling you if you qualify as a non-profit organization and if so, under what classification. It says you can raise money. However, if it is determined you do not qualify as tax-exempt, you must pay taxes on your revenues. We have attached a copy of this document. It does not say if you are filing as a political group you use another form.

During my first phone call with Inspector Pinto, I told him we had not received our IRS determination letter. In preparing the documents to send him, we called the IRS to inquire if they had made a determination so we could include it. Through these discussions, it was discovered that we — not the IRS — could "determine" our status as a Section 527. However, this required a different form — 8871. This is the form we should have filed and did so immediately online. We have attached the 3-page letter to the Postal Service that gives further details in this area.

So the RNC claims that we had not filed for political status at the time of the calls is correct. However, if they have a copy of the 3-page letter to the Postal Service they also know it was an incorrect filing based on IRS Form 1023 instructions.

Additionally, based on Form 8871 we planned to file our reports with the FEC on a semi-annual basis. We've attached the documents that state it's our choice to report monthly, quarterly or semi-annually. We also know this report is due in July. And, I was quoted in the AP article saying we planned to submit our first report in July. Since my discussions with Phillip Dean at the FEC this morning, I have learned that the information we have stating it is our choice to file semi-annually is incorrect and we must file quarterly.



We did not know we were required to file Form 1 with the FEC. During my discussions with Phillip Dean at the FEC this morning, he initially said he didn't think I needed to file Form 1 because we are not planning to be active in any federal election, but within state and local. However, I expressed to him we would rather file with the FEC versus dealing with 50 state filings. From a resource perspective, we felt this was the best option. He told me we could file with the FEC, but from their side they really only wanted to deal with organizations who were involved in federal elections.

As we talked more, it was determined since our voter mobilization efforts would be targeted towards voters in a specific area where a local or state candidate need help to win, but that we planned to be "neutral" in our scripting, that our efforts would in fact impact federal elections since it is assumed a Republican voter has a high probability to vote for a federal Republican candidate, and therefore Form 1 should have been filed. This will be completed and sent certified mail by close of business, July 2, 2004. It only seems reasonable that at the time we made the IRS correction, if we knew the Form 1 requirement, it would have been filed then. At that time, we had no idea the Postal Service was going to dismiss our claim based on the documents we provided. In fact they had scheduled the hearing for June 2, 2004. If we had known Form 1 was a requirement and knowingly did not file it at that time, we would have knowingly jeopardized the contributions the Postal Service was holding and they would have been returned to the sender. Our actions show that we wanted nothing but to correct any errors in our filings.

Furthermore, we would like to point out that once again filing information is incorrect on an official government document - this time on the FEC's Form 1. Mr. Dean told me we should have filed this within 10 days of spending or raising \$1,000. Our discussion about filing Form 1 that included we could not file it today (June 30, 2004) on-line. It had to be mailed in until since today was the last day in June, the FEC would not receive it until sometime in July. Thus Mr. Dean told me we would not have to file a quarterly report in July - but rather after the next quarter. He also gave me instructions on how to file the form off the website. When I printed both the form and the instructions off, I came across the following:

...must file reports in an electronic form under 11 CFR 104.18 if they have either received contributions or made expenditures in excess of \$50,000 during a calendar year, or if they have reason to expect that they will exceed either of these thresholds during the calendar year. If your committee has reached this level of activity, you must file this form in an electronic format.

Mr. Dean's instructions were our only option was to mail in Form 1. So I immediately called him back and asked about this since we expect to

receive contributions in excess of \$50,000. He told me that it was a big confusion within the FEC because you in fact could NOT file this form online as instructed and it HAD TO BE MAILED IN.

Furthermore, if the RNC had not filed this complaint, the FEC would have received our July report and my assumption is you would have notified us that we had not filed Form 1. At that time we would have corrected the issue, as we are now.

All this said, as a new group we have made filing errors based on a lack of clear and correct instructions from governmental agencies and their websites. When these errors have been brought to our attention, we have corrected them immediately. These are not the actions of a group intent on fraud. Name-the-law, as with the IRS filing, I asked Mr. Dean if we were subject to a penalty for not filing Form 1 on time, and who I should contact to resolve the issue. He said that there could be a penalty, but penalties had been waived for groups, especially first-time filers and that the maximum would be 2 times the amount of donations, and it would be based on findings after we submitted Form 1.

Additionally, my concern is because this has come to light unfortunately on the last day of the quarter, and therefore our Form 1 will not be received until July – and we have fundraising activity in the first and second quarters – yet our report will not be due until after 3<sup>rd</sup> quarter – is there anything we can or need to do to “back-file” reports? When we file after 3<sup>rd</sup> quarter, we do not want issues regarding our 1<sup>st</sup> and 2<sup>nd</sup> quarter fundraising to re-surface at that time. If at all possible, we would like to “back-file” so this issue can be put to rest. If this is not an option, we would like written confirmation that our first report is due after 3<sup>rd</sup> quarter.

- b. ...from representatives of Apex CoVenture, L.L.C.... After apparent contractual problems, Apex contacted the RNC to verify that the solicitation efforts of “The Republican Victory Committee” and “The Republican Victory 2004 Committee” were, in fact, legitimately associated with the RNC. Apex was informed that these efforts were not authorized by the RNC, and conscientiously withheld delivery to Advantage of checks received in response to the solicitations. – I expressed to Ms. Vogel this morning that this information could not be correct. I inquired who she talked to at Apex and stated it could not have been an executive within Apex who knew the program. This is when she disclosed to me she had other people who provided her with this information and she did not know who the representative was. The executives involved with this program at Apex knew unambiguously this was not an RNC program. The extent of this knowledge is supported in several conversations with executives at Apex. After the program had

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been up for several weeks, the Chairman of Apex, who had not been involved with the program launch, asked to have a conference call to learn more about the program and outbound telemarketing in general. During this call, which also included the other owner/partner and the President of Apex CoVantage, the Chairman used "RNC" casually in the conversation. I immediately corrected him and in detail explained that there were multiple types of political organizations. Through this discussion, he became excited, reasoning that if they did well on this program they would have an opportunity to contact other political organizations and win their work. My response to this was that there was certainly opportunity, but that I knew there were some groups that would not place business offshore -- one of these being the RNC. This meeting also covered plans to hire and increase the calling. Several days after this, I received a call from the other owner who had participated in the meeting. She had also been involved with the program from the beginning. She questioned me again about the RNC not placing work offshore and if I knew this as a fact.. She told me that they were interviewing candidates at the call center for this program and several of these candidates were saying their qualifications included fundraising for the RNC at another call center. My response was I was 99.8% sure all the RNC work was state-side. This was based on a conversation I had with Jeff Johnson at the RNC 1-2 years earlier inquiring about their fundraising program and if we could run it in a call center in the Caribbean. At that time Jeff told me they would never go offshore.

Finally, it was the third person who was in the conference call meeting, the President of Apex CoVantage, that called and left me the voicemail about the In-the-Loop article on June 4<sup>th</sup>. He is also the person I was working with several years ago when I called Jeff Johnson at the RNC about possibly doing work at a Caribbean call center. Thus he has known for quite some time that the RNC does not use off-shore call centers. This is why he left the voicemail message -- he knew I would be interested since we had for several years had discussions on the same topic.

I had knowledge the RNC was not interested in using off-shore call centers. If my intent was fraud, no rational person would place this program in an off-shore call center, increasing the potential of drawing attention to the fraudulent activity.

- c. A further troubling consequence of this activity is that the RNC has been forced to respond to unfounded allegations that it outsourced fundraising calls to an Indian telemarketing firm. In fact, according to information available to the RNC, Mrs. Novacek and her firm subcontracted with Apex for the fundraising calls that generated this false story. While harm may not be an element of a violation of the ban on fraudulent misrepresentation, respondent's repetitive conduct

directly harmed the RNC and legitimate Republican Party efforts. — In support of this, the RNC submits it's own statement dated May, 21, 2004 quoting RNC Communications Director Jim Doyle as saying this "urban legend" has been circulating for "the better part of a year." And they attribute the source of this "urban legend" to John Kerry supporters — not The Republican Victory Committee.

On May 21, 2004 the Postal Service had dismissed the RNC complaint and released our mail. Trevor Person had already called our Indian call center and knew calls were being made. We assume they had the documents we submitted to the Postal Service. We are not a Kerry-supporting group. Furthermore, the RNC spokesperson said the "urban legend" had been around for more than a year. That's a year before we ever placed a call from India. The RNC is claiming we GENERATED this false story, while their own facts clearly show this is not true and that the false story existed before our calls began.

Anyone who does minimal research on this issue through the Internet, will discover that the RNC knows about and has responded to this story that appears to be GENERATED on work done by an Indian company named HCL. According to newspaper reports, HCL made millions of RNC fundraising calls from their Indian call centers in Noida and Gurgaon. The Apex call center is located in Gurgaon. According to the reports, up to 125 agents worked on RNC programs at any one time, during the period between May 16, 2002 and July 22, 2003. It is understandable a reporter could interpret this to be 125 total people worked on this program. However, based on my industry experience I know call centers manage their business based on work-station capacity. I would conclude this really means there were up to 125 work-stations running the program during this time period. Most call centers run two shifts, so this could mean 250 people at any one time. And, over more than a year in duration, this could easily have been more than 900 people, since there is high turnover for these jobs. Thus it is understandable we could have interviewed candidates that worked at one of the HCL call centers on an RNC program. We have attached several of the Internet articles. I did not pay the \$2.95 fee to acquire the Post article, but will certainly provide it if you need it.

The Post article says the work was contracted through Capital Communications Group, Inc. out of Mesa, AZ. We are not this group nor do we know anything about this company or any employee of this company other than what we have read over the Internet.

Further details reveal HCL was using technology that "masked" the Indian accents. We had no such technology on our calls.

My first quote to the AP reporter regarding this issue stated I understand how the RNC is trying to get to the bottom of the India call center issue, but ~~were~~ not the source of these calls. Additionally I offered both the reporter and Ms. Vogel any assistance I can provide in making introductions to the Apex India call center and potentially an opportunity to talk to some of the people Apex hired who had RNC fund raising experience. Ms. Vogel said she was not interested in this offer, which surprised me greatly since she stressed how concerning the India call center issues was throughout the Party and they are making the claim that this is a contributing factor in their filing the complaint at the FEC. The AP reporter is very interesting in pursuing this and I am assisting her in this area.

Finally, regarding the general issue of outsourcing political fundraising off-shore; it's not against the law. As a Section 527 group, the IRS requirements state that we can not be controlled by a specific candidate or party and thus the RNC does not have the right to tell us what call centers we use. The Indian call center was used for approximately two months. No other off-shore center has or is being used. Nor is there any current plans to contract off-shore. All this was told to Ms. Vogel this morning. However, she was also told it does not mean we won't consider off-shore options in the future. It is clear to me the RNC is trying to say we are the source of this "union legend" even to the extent they would leak FEC documents to the press. We are NOT. They are more interested in doing this than talking to people in India who made RNC calls because they would then have to admit they did a terrible job in selecting a vendor partner and in managing that partner. Having worked with the RNC fundraising program in the past, and also having worked with telemarketing programs with such companies as Verizon, AT&T, Provident Financial, American Express, etc.; I have first-hand knowledge that the people managing the outsourced vendors at the RNC are at the low end of the knowledge scale within the telemarketing industry. It's not necessarily their fault. It's not their core competency. And, the person who manages the vendors daily makes very little money for Washington DC. He's probably received raises over the years, but when he started approximately 8 years ago, I believe his salary was around \$25,000 per year.

Additionally, when I spoke with him 1-2 years ago about off-shore, he said they had recently added that clause to the contract. This leads me to believe the clause was NOT in the agreement the RNC potentially signed with Capital Communications Group, Inc and thus if RNC calls were made in India through this company, the RNC would have no legal recourse against Capital and would have to accept responsibility for the calls themselves.

- d. Although I have notified Ms. Novacek of the serious consequences of this activity – Through the Postal Service inquiry, I was aware that the RNC asked for the investigation and thought the issue was put to rest when the disavowal was issued and no challenge was filed. When I was contacted by the AP reporter last night, I told her I had been out-of-town for two weeks. The faxes she sent me were the first I knew the RNC had outstanding issues with us. When I spoke with Ms. Vogel this morning, she said she had mailed me a letter and I told her I had not had an opportunity to go through my mail. I have since and discovered she did in fact send a letter asking that I contact her.

Additionally, if Ms. Vogel has the 3-page Postal Service response letter, she also has my phone number. No voicemail messages have been left prior to filing the complaint so I assume she made no attempt to contact me by phone. It appears they did the minimum of send a cease and desist letter.

If I had known she was trying to contact me, I would have called her. In fact, I called the RNC last night after receiving the fax from the reporter in hopes of talking to Ms. Vogel before I made a quote to the press. (At the time I had no idea the RNC probably leaked the FEC complaint to the reporter.) This was after 6 pm EST and the RNC automated system was not functioning to direct me to the legal department, as it did this morning when I called first thing. I told the reporter this last night and Ms. Vogel this morning. However, my phone records will show I attempted to call the RNC before I called the AP reporter back and I called the RNC first thing this morning before Ms. Vogel was in the office and I had her assistant Dillon give her my phone number which she returned from her car.

### 3. Page 4; Conclusion

The claim that our actions are knowing and willful fraudulent misrepresentations are simply not true. Have we made some filing errors? Absolutely and these are being corrected as expeditiously as possible. I don't believe filing errors constitute fraud. Mr. Dean told us first-time filers have made filing errors in the past and have had penalties waived. We hope this is the determination in our case, however, we realize our filing errors may result in a penalty from the FEC. Further, we have responded to any and all questions regarding our activity as quickly and openly as possible, and it appears the RNC's FEC complaint's only documentation is what we provided the Postal Service. These documents were not requested by the Postal Service. It was I who contacted Inspector Pinta, questioning him on what I should provide to resolve the matter. To the best of my knowledge, he did not even know telemarketing scripts

existed. We have been totally cooperative and forthcoming in all these matters and will continue to do so with any requirements of the FEC.

Additionally, we have attempted to work with the RNC to understand what the real issues are. Although I realize it's early in this dialog, since it's after 9 pm CST as I complete this document, I must say it is disappointing Ms. Vogel did not return my 2:30 pm phone call; nor did she keep her commitment to talk when she was back in her office with access to all the documents. Maybe she started "digging deeper" into some of their claims and she's finding they are not true, such as Apex's knowledge this was not an RNC program.

The extent of her understanding of the telemarketing fund-raising process is a perfect example of her jumping to conclusions regarding our activity and my belief the real motive here is to find a scapegoat for their India call center issue. This is exemplified in the conversation I had with her this morning. She said we were fraudulently misrepresented ourselves and I said we had not. Her response was, "How can you say that when you were using George Bush's and the GOP's website addresses in your printed materials?" This accusation is quite frankly laughable. My response was that we had not used these website addresses on our printed materials. (However, if we had I don't think publishing these web addresses would have been illegal. There are many websites not associated with the RNC or the Bush Campaign that have these links. If we put up a website, we very likely would place a link to the Bush website.) She interrupted and insisted she had seen this in our materials. I informed her what she saw was in the telemarketing script materials. We had both these website addresses and the RNC's telephone number available to the callers if a customer requested this information. I went on to tell her one of the things we heard quite often during the calls were requests for a Bush-Cheney bumper sticker. We went to the Bush website and found a section called "W stuff" that had all kinds of merchandise. We added this to be of service to the customer. It should also be pointed out that our script materials clearly state the money raised through this call would not go to the Bush campaign. I can't believe the RNC is claiming willful fraud because we helped a Republican supporter acquire a Bush bumper sticker. I can believe the RNC filed this complaint in its over-zealous quest to not only find a scapegoat for the India issue, but because they don't want us using an off-shore call center and that Ms. Vogel wrote the claim without thoroughly examining and investigating the materials and information within the RNC's possession.

From our side, the lines of communication with any party inquiring about our activities has always been and remains open. I appreciate your time in reviewing this lengthy document. Please contact me at any time regarding these matters. It is my wish to quickly resolve the issues and as in the case when we were notified of the Postal Service inquiry,

no new solicitations are being made until this is resolved. We had planned to begin solicitations again after the July 4<sup>th</sup> holiday, but this has been put on hold based on this new complaint. Thus, the RNC's actions have seriously harmed our fund-raising goals and objectives and we believe they are based on their quest to find a scapegoat for the "urban legends". They simply have the wrong group and since we are new to the game, we are easy bait to attack. Any assistance in expediting this matter will be greatly appreciated. I can be reached at \_\_\_\_\_

Sincerely,



Jody L. Novacek

11044291068



FEC  
FORM 1

STATEMENT OF  
ORGANIZATION

Office Use Only

1. NAME OF  
COMMITTEE (in full)

(Check if name  
is changed)

Example: If typing, type  
over the lines.

127E4M5

THE REPUBLICAN VICTORY COMMITTEE INC

ADDRESS (number and street)

11231 LAKEBROOK LANE

(Check if address  
is changed)

IRVING

TX

75063

CITY ▲

STATE ▲

ZIP CODE ▲

COMMITTEE'S E-MAIL ADDRESS

COMMITTEE'S WEB PAGE ADDRESS (URL)

COMMITTEE'S FAX NUMBER

972-910-1002

2. DATE

05 10 2004

3. FEC IDENTIFICATION NUMBER ►

C

4. IS THIS STATEMENT



NEW (N)

OR



AMENDED (A)

I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.

Type or Print Name of Treasurer

Jody Novacek

Signature of Treasurer

J Novacek

Date

06 30 2004

NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. 437g.

ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.

Office Use Only					
-----------------------	--	--	--	--	--

For further information contact:  
Federal Election Commission  
Toll Free 800-424-9590  
Local 202-494-1100

FEC FORM 1  
(Revised 02/2003)

11044291069

## 5. TYPE OF COMMITTEE (Check One)

- (a) ☐ This committee is a principal campaign committee. (Complete the candidate information below.)
- (b) ☐ This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of  
CandidateCandidate  
Party AffiliationOffice  
Sought☐

House

☐

Senate

☐

President

State

District

- (c) ☐ This committee supports/opposes only one candidate, and is NOT an authorized committee.

Name of  
Candidate

- (d) ☐ This committee is a ☐ (National, State or subordinate) committee of the ☐ (Democratic, Republican, etc.) Party.
- (e) ☒ This committee is a separate segregated fund.
- (f) ☐ This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.

## 6. Name of Any Connected Organization or Affiliated Committee

NONE

Mailing Address

CITY ▲

STATE ▲

ZIP CODE ▲

Relationship

Type of Connected Organization:

- |  |  |   |
|--|--|---|
| <input type="checkbox"/> Corporation             | <input type="checkbox"/> Corporation w/o Capital Stock | <input type="checkbox"/> Labor Organization |
| <input type="checkbox"/> Membership Organization | <input type="checkbox"/> Trade Association             | <input type="checkbox"/> Cooperative        |

Write or Type Committee Name

7. Custodian of Records: Identify by name, address (phone number - optional) and position of the person in possession of committee books and records.

Full Name JOEY NOVACEK  
Mailing Address 11221 LAKERIDGE LANE  
IRVING TX 75063  
Title or Position DIRECTOR CITY ▲ STATE ▲ ZIP CODE ▲  
Telephone number      -      -     

8. Treasurer: List the name and address (phone number - optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name of Treasurer JOEY NOVACEK  
Mailing Address 11221 LAKERIDGE LANE  
IRVING TX 75063  
Title or Position TREASURER CITY ▲ STATE ▲ ZIP CODE ▲  
Telephone number      -      -     

Full Name of Designated Agent JOEY NOVACEK  
Mailing Address 11221 LAKERIDGE LANE  
IRVING TX 75063  
Title or Position TREASURER CITY ▲ STATE ▲ ZIP CODE ▲  
Telephone number      -      -

9. Banks or Other Depositories: List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.

BANK OF AMERICA

Mailing Address

15400 MAC ARTHUR BLVD

IRVING

TX

75038

CITY ▲

STATE ▲

ZIP CODE ▲

Name of Bank, Depository, etc.

Mailing Address

CITY ▲

STATE ▲

ZIP CODE ▲

11044291072



## OFFICE OF ADMINISTRATIVE LAW JUDGES

2101 WILSON BOLLARD, Suite 800  
 ARLINGTON VA 22201-5070  
 703-612-1900 Fax 703-612-1901

In the Matter of the Withholding  
 of Mail Addressed to

REPUBLICAN VICTORY 2004 COMMITTEE  
 2100 M Street NW Suite 170 #125

Washington, DC 20037-1233

June 2, 2004

**DOCKETED**  
**P.S. NO.** WM 04-85  
**DATE** 6-2-04 JAF

P.S. Docket No. WM 04-85

## APPEARANCE FOR PETITIONER:

Jody Novacek  
 1221 Lakeridge Lane  
 Irving, TX 75063-5076

## APPEARANCE FOR RESPONDENT:

Thomas V. Sottile, Esq.  
 Inspector Attorney  
 United States Postal Service  
 P.O. Box 3800  
 Bala Cynwyd, PA 19004-3609

**DISMISSAL**

On May 14, 2004, Respondent filed a memorandum stating that the mail that is the subject of this case has been released by the Postal Inspection Service. An Order dated May 14, 2004 stated that it appeared that dismissal of the case was appropriate. The Order gave the parties until May 28, 2004 to reply if either opposed dismissal for any reason. There being no reply, this case is dismissed.

*Bruce R. Houston*  
 Bruce R. Houston  
 Chief Administrative Law Judge

11044291073



## OFFICE OF ADMINISTRATIVE LAW JUDGES

2101 WILSON BOULEVARD, SUITE 600  
ARLINGTON VA 22201-3078  
703-612-1800 FAX 703-612-1801

In the Matter of the Withholding  
of Mail Addressed to

REPUBLICAN VICTORY 2004 COMMITTEE  
2100 M Street NW Suite 170 #125

at

Washington, DC 20037-1233

May 14, 2004

**DOCKETED**  
**P.S. NO.** WM 04-65  
**DATE** 5-14-04

P.S. Docket No. WM 04-65

**ORDER**

Respondent has filed a memorandum stating that the mail that is the subject of this case has been released by the Postal Inspection Service. It appears, therefore, that dismissal of the case is appropriate. If either party opposes dismissal for any reason, they may reply by May 28, 2004. Otherwise, the case will be dismissed. The hearing scheduled for June 2, 2004 is cancelled.

  
Bruce R. Houston  
Chief Administrative Law Judge

11044291074

DOCKETED

P.S. NO.

DATE



JAMES A. COHEN,  
JUDICIAL OFFICER

2101 WILSON BOULEVARD, SUITE 600  
ARLINGTON VA 22201-3078  
703-612-1900 Fax 703-612-1901

In the Matter of the Withholding  
of Mail Addressed to

REPUBLICAN VICTORY 2004 COMMITTEE  
2100 M Street NW Suite 170 #125

at

Washington, DC 20037-1283

May 4, 2004

P.S. Docket No. WM 04-85

### ASSIGNING ORDER

This proceeding is assigned to Chief Administrative Law Judge Bruce R.  
Houston as presiding officer.

  
James A. Cohen  
Judicial Officer

11044291075

DOCKETED

P.S. NO.

WM 04-65

DATE

5/14/04



JUDICIAL OFFICER

2101 WILSON BOULEVARD, SUITE 600  
 ARLINGTON VA 22201-3078  
 703-512-1900 Fax 703-512-1901

In the Matter of the Withholding  
 of Mail Addressed to

REPUBLICAN VICTORY 2004 COMMITTEE  
 2100 M Street NW Suite 170 #125

at

Washington, DC 20037-1233

May 4, 2004

P.S. Docket No. WM 04-65

**NOTICE OF HEARING**

NOTICE IS HEREBY GIVEN that a hearing in the above-entitled proceeding will be held on June 2, 2004, at 10:00 AM, in Suite 600, 2101 Wilson Boulevard, Arlington, VA 22201-3078.

An Answer to the Petition must be filed by the General Counsel of the Postal Service within 10 days of receipt of the Petition, or on or before May 14, 2004.

A copy of the Rules of Practice is enclosed. These rules set forth procedures and requirements applicable to this proceeding.

Kimberly M. King  
 Senior Recorder

Enclosure

11044291076



11044291077



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Department of the Treasury  
Internal Revenue Service

11044291078

# Application for Recognition of Exemption

Under Section  
501(c)(3) of the  
Internal Revenue Code

**Contents:**

Form 1023 and  
Instructions  
Form 872-C

**Note:** *For the addresses for filing Form 1023,  
see Form 8718, User Fee for Exempt  
Organization Determination Letter Request.*

*For obtaining an employer identification number  
(EIN), see Form SS-4, Application for Employer  
Identification Number.*

**Package 1023**  
**(Rev. September 1998)**



Department of the Treasury  
Internal Revenue Service

# Instructions for Form 1023

(Revised September 1998)

## Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

**Note:** Retain a copy of the completed Form 1023 in the organization's permanent records. See *Public Inspection of Form 1023* regarding public inspection of approved applications.

### General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

**User Fee.**—Submit with the Form 1023 application for a determination letter, a Form 8718, User Fee for Exempt Organization Determination Letter Request, and the user fee called for in the Form 8718. You may obtain Form 8718, and additional forms and publications, through your local IRS office or by calling 1-800-829-1040 (1-800-TALK-FORM). User fees are subject to change on an annual basis. Therefore, be sure that you use the most current Form 8718.

**Helpful information.**—For additional information, see:

- Pub. 557, Tax-Exempt Status for Your Organization
- Pub. 598, Tax on Unrelated Business Income of Exempt Organizations
- Pub. 878, Tax Information for Private Foundations and Foundation Managers
- Internet site, [www.irs.ustreas.gov/oa/efile/ao](http://www.irs.ustreas.gov/oa/efile/ao)

### Purpose of Form

**1. Completed Form 1023 required for section 501(c)(3) exemption.**—Unless it meets one of the exceptions in 2 below, any organization formed after October 9, 1990, must file a Form 1023 to qualify as a section 501(c)(3) organization.

The IRS determines if an organization is a private foundation from the information entered on a Form 1023.

**2. Organizations not required to file Form 1023.**—The following types of organizations may be considered tax-exempt under section 501(c)(3) even if they do not file Form 1023:

1. Churches.
2. Integrated societies of churches, and conventions or associations of churches, or
3. Any organization that:
  - (a) Is not a private foundation (as defined in section 509(1)), and
  - (b) Has gross receipts in each taxable year of normally not more than \$5,000.

Even if the above organizations are not required to file Form 1023 to be tax-exempt, these organizations may choose to file Form 1023 in order to receive a determination letter that recognizes their section 501(c)(3) status.

Section 501(c)(3) status provides certain incidental benefits such as:

- Public recognition of tax-exempt status.
- Advance assurance to donors of deductibility of contributions.
- Exemption from certain state taxes.
- Exemption from certain Federal estate taxes.
- Nonprofit mailing privileges, etc.

**3. Other organizations.**—Section 501(b) and (j) cooperative service organizations, section 501(d) child care organizations, and section

501(n) charitable risk ~~use~~ use Form 1023 to apply for a determination letter in section 501(c)(3).

**4. Group exemption letter.**—Generally, Form 1023 is not used to apply for a group exemption letter. See Pub. 587 for information on how to apply for a group exemption letter.

### What To File

All applicants must complete pages 1 through 9 of Form 1023. These organizations must also complete the schedules or form indicated:

- |  |            |
|--|------------|
| 1. Churches . . . . .  | Schedule A |
| 2. Schools . . . . .   | Schedule B |
| 3. Hospitals and Medical Research . . . . .  | Schedule C |
| 4. Supporting Organizations (509(a)(3)) . . . . .  | Schedule D |
| 5. Private Operating Foundations . . . . .   | Schedule E |
| 6. Homes for the Aged or Handicapped . . . . .   | Schedule F |
| 7. Child Care . . . . .  | Schedule G |
| 8. Scholarship Benefits or Student Aid . . . . .   | Schedule H |
| 9. Organizations that have taken over or will take over a "for profit" institution . . . . . | Schedule I |
| 10. Organizations requesting an advance ruling in Part III, Line 10 . . . . .                | Form 872-C |

**Attachments.**—For any attachments submitted with Form 1023,—

- Show the organization's name, address, and employer identification number (EIN).
- Identify the Part and line item number to which the attachment relates.
- Use 8½ x 11 inch paper for any attachments.
- Include any court decisions, rulings, opinions, etc., that will expedite processing of the application. Generally, attachments in the form of tape recordings are not acceptable unless accompanied by a transcript.

### When To File

An organization formed after October 9, 1990, must file Form 1023 to be recognized as an organization described in section 501(c)(3). Generally, if an organization files its application within 15 months after the end of the month in which it was formed, and if the IRS approves the application, the effective date of the organization's section 501(c)(3) status will be the date it was organized.

Generally, if an organization does not file its application (Form 1023) within 15 months after the end of the month in which it was formed, it will not qualify for exempt status during the period before the date of its application. For exceptions and special rules, including automatic extensions in some cases, see Part III of Form 1023.

The date of receipt of the Form 1023 is the date of the U.S. postmark on the cover in which an exemption application is mailed or, if no postmark appears on the cover, the date the application is stamped as received by the IRS.

**Private delivery services.**—See the instructions for your income tax return for information on certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying rule." The private delivery service can tell you how to get written proof of the mailing date.

**Caution:** Private delivery services cannot deliver items to P.O. boxes. You must use the U. S. Postal Service to mail any item to an IRS P.O. box address. See the Form 8718 for the P.O. box address as well as the express mail or a delivery service address.

### Where To File

File the completed Form 1023 application, and all required information, with the IRS at the address shown in Form 8718.

The IRS will determine the organization's tax-exempt status and whether any annual returns must be filed.

### Signature Requirements

An officer, a trustee who is authorized to sign, or another person authorized by a power of attorney, must sign the Form 1023 application. Attach a power of attorney to the application. You may use Form 2848, Power of Attorney and Declaration of Representative, for this purpose.

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## Deductibility of Contribution

Donors can take a charitable contribution deduction if their gift or bequest is made to a section 501(c)(3) organization.

The effective date of an organization's section 501(c)(3) status determines the date that contributions to it are deductible by donors. (See *When To File* on page 1.)

Contributions by U.S. residents to foreign organizations generally are not deductible. Tax treaties between the U.S. and certain foreign countries provide limited exceptions. Foreign organizations (other than those in Canada or Mexico) that claim eligibility to receive contributions deductible by U.S. residents must submit an English copy of the U.S. tax treaty that provides for such deductibility.

## Appeal Procedures

The organization's application will be considered by the IRS which will either:

1. Issue a favorable determination letter;
2. Issue a proposed adverse determination letter denying the exempt status requested; or
3. Refer the case to the National Office.

If the IRS sends you a proposed adverse determination, it will advise you of your appeal rights at that time.

## Language and Currency Requirements

**Language requirements.**—Require the Form 1023 and attachments in English. Provide an English translation if the organizational document or bylaws are in any other language.

You may be asked to provide English translations of foreign language publications that the organization produces or distributes and that are submitted with the application.

**Financial requirements.**—Report all financial information in U.S. dollars (specify the conversion rate used). Convert amounts from within and outside the United States and report the total for each item on the financial statements.

For example:

From investment income	
From U.S. sources	\$4,000
From non-U.S. sources	1,000
Amount to report on income statement	\$5,000

## Annual Information Return

If an annual information return is due while the organization's application for recognition of exempt status is pending with the IRS (including any appeal of a proposed adverse determination), the organization should file at the following address:

Internal Revenue Service  
Ogoon Service Center  
Gagda, Wash 24884-0887

- Form 990, Return of Organization Exempt From Income Tax, or
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, and,
- Schedule A (Form 990), Organization Exempt Under Section 501(c)(3), or
- Form 990-PF, Return of Private Foundation, if the organization acknowledges it is a private foundation, and indicate that an application is pending.

If an organization has unrelated business income of more than \$1,000, file Form 990-T, Exempt Organization Business Income Tax Return.

## Public Inspection of Form 1623

**Caution:** Note the discussion below for the potential effect of the Taxpayer Bill of Rights 2 (TBOR2) on these instructions.

**IRS responsibilities for public inspection.**—If the organization's application for section 501(c)(3) status is approved, the following items will be open to public inspection in any District office and at the National Office of the IRS (section 6104):

1. The organization's application and any supporting documents.
2. Any letter or other document issued by the IRS with regard to the application.

Note that the following items are not available for public inspection:

1. Any information relating to a trade secret, patent, style of work, or apparatus that, if released, would adversely affect the organization, or

2. Any other information that would adversely affect the national defense.

**IMPORTANT:** Applicants must identify this information by clearly marking it "NOT SUBJECT TO PUBLIC INSPECTION," and must attach a statement to explain why the organization asks that the information be withheld. If the IRS agrees, the information will be withheld.

**Organization's responsibilities for public inspection.**—The organization must make available a copy of its approved application and supporting documents, along with any document or letter issued by the IRS for public inspection.

These documents must be available during regular business hours at the organization's principal office and at each of its regional or district offices having at least three paid employees. See *Section 68-120, 1982-2 C.B. 464*.

A penalty of \$20 a day will be imposed on any person under a duty to comply with the public inspection requirements for each day a failure to comply continues.

**Furnishing copies of documents under TBOR2.**—The Taxpayer Bill of Rights 2 (TBOR2), enacted July 30, 1996, modified prospectively the section 6885 penalty and the rules for the public inspection of returns and exemption applications. An organization must furnish a copy of its Form 990, Form 990-EZ, or exemption application, and certain related documents, if a request is made in writing or in person.

For a request made in person, the organization must make an immediate response.

For a response to a written request, the organization must provide the requested copies within 30 days.

The organization must furnish copies of its Forms 990, or Forms 990-EZ, for any of its 3 most recent taxable years. No charge is to be made other than affording a reasonable fee for reproduction and actual postage costs.

An organization need not furnish copies if:

1. The organization has made the requested documents widely available in a manner provided in Treasury regulations, or
2. The Secretary of the Treasury determined, upon application by the organization, that the organization was subject to a harassment campaign such that a waiver of the obligation to provide copies would be in the public interest.

**Penalty for failure to allow public inspection or provide copies.**—The section 6885 penalty for willful failure to allow public inspection or provide copies is increased from the present low level of \$1,000 to \$5,000 by TBOR2.

**Effective date of TBOR2.**—These public inspection provisions governing tax-exempt organizations under TBOR2 generally apply to requests made no earlier than 60 days after the date on which the Treasury Department publishes the regulations required under the provisions. However, Congress, in the legislative history of TBOR2, indicated that organizations would comply voluntarily with the public inspection provisions prior to the issuance of such regulations.

## Special Rule for Canadian Colleges and Universities

A Canadian college or university that received Form T2051, Notification of Registration, from Revenue Canada (Department of National Revenue, Taxation) and whose registration has not been revoked, does not need to complete all parts of Form 1023.

Such an organization must complete only Part I of Form 1023 and Schedule B (Schools, Colleges, and Universities). It must attach a copy of its Form T2050, Application for Registration, together with all the required attachments submitted to Revenue Canada. It must furnish an English translation of any attachments were prepared in French.

**Other Canadian organizations.**—Other Canadian organizations that seek a determination of section 501(c)(3) status must complete Form 1023 in the same manner as U.S. organizations.

## Specific Instructions

The following instructions are keyed to the line items on the application form:

### Part I. Identification of Applicant

**Line 1. Full name and address of organization.**—Enter the organization's name exactly as it appears in its creating document including amendments. Show the other name in parentheses, if the organization will be operating under another name.

For a foreign address, enter the information in the following order: city, province or state, and country. Follow the country's practice in placing the postal code in the address. Do not abbreviate the country name.

**Line 2. Employer identification number (EIN).**—All organizations must have an EIN. Enter the nine-digit EIN the IRS assigned to the organization. See Form SS-4, Application for Employer Identification Number, for information on how to obtain an EIN immediately by telephone. If the organization does not have an EIN, enter "applied for." If the organization has applied for an EIN number previously, attach a statement giving the date of the application and the office where it was filed. Do not apply for an EIN more than once.

**Line 3. Person to contact.**—Enter the name and telephone number of the person to contact during business hours if more information is needed. The contact person should be an officer, director, or a person with power of attorney who is familiar with the organization's activities and is authorized to act on its behalf. Attach Form 2848 or other power of attorney.

**Line 4. Month the annual accounting period ends.**—Enter the month the organization's annual accounting period ends. The accounting period is usually the 12-month period that is the organization's tax year. The organization's first tax year depends on the accounting period chosen. The first tax year cannot be less than 12 months.

**Line 5. Date formed.**—Enter the date the organization became a legal entity. For a corporation, this is the date that the articles of incorporation were approved by the appropriate state official. For an unincorporated organization, it is the date its constitution or articles of association were adopted.

**Line 6.—Indicate if the organization is one of the following:**

- 501(c) Cooperative hospital service organization
- 501(c) Cooperative service organization of operating educational organization
- 501(c) Organization providing child care
- 501(c) Charitable risk pool

If none of the above applies, make no entry on line 6.

**Line 7.—Indicate if the organization has ever filed a Form 1023 or Form 1024, Application for Recognition of Exemption Under Section 501(c), with the IRS.**

**Line 8.—If the organization, for which this application is being filed is a private foundation, answer "N/A." If the organization is not required to file Form 990 (or Form 990-EZ) and is not a private foundation, answer "No" and attach an explanation. See the instructions for Form 990 and Form 990-EZ for a discussion of organizations not required to file Form 990 (or Form 990-EZ). Otherwise, answer "Yes."**

**Line 9.—Indicate if the organization has ever filed Federal income tax returns as a taxable organization or filed returns as an exempt organization (e.g., Form 990, 990-EZ, 990-PF, or 990-T).**

**Line 10. Type of organization and organizational documents.—Organizing instrument.**—Submit a conformed copy of the organizing instrument. If the organization does not have an organizing instrument, it will not qualify for exempt status.

A conformed copy is one that agrees with the original and all amendments to it. The conformed copy may be:

- A photocopy of the original signed and dated organizing document, OR
- A copy of the organizing document that is assigned last to one with a written declaration, signed by an authorized individual, that states that the copy is a complete and accurate copy of the original signed and dated document.

**Corporation.**—In the case of a corporation, a copy of the articles of incorporation, approved and filed by an appropriate state official, is sufficient by itself.

If an assigned copy of the articles of incorporation is submitted, it must be accompanied by the written declaration discussed above.

**Signed, or unsigned, copies of the articles of incorporation must be accompanied by a declaration stating that the original copy of the articles was filed with, and approved by, the state. The date filed must be specified.**

**Unincorporated association.**—In the case of an unincorporated association, the conformed copy of the constitution, articles of association, or other organizing document must indicate, in the document itself, or in a written declaration, that the organization was formed by the adoption of the document by two or more persons.

**Bylaws.**—If the organization has adopted bylaws, include a current copy. The bylaws do not need to be signed if they are submitted as an attachment to the Form 1023 application. The bylaws of an organization should be an organizing instrument. They are usually the internal rules and regulations of the organization.

**Trust.**—In the case of a trust, a copy of the signed and dated trust instrument must be furnished.

**Dissolution clause.**—For an organization to qualify for exempt status, its organizing instrument must contain a proper dissolution clause, or state law must provide for distribution of assets for one or more section 501(c)(3) purposes upon dissolution. If the organization is relying on state law, provide the citation for the law and briefly state the law's provisions in an attachment. Foreign organizations must provide the citation for the foreign statute and attach a copy of the statute along with an English language translation.

See Pub. 587 for a discussion of dissolution clauses under the heading, *Articles of Organization, Resolution and Distribution of Assets*. Examples of dissolution clauses are shown in the sample organizing instruments given in that publication.

**Organizational purposes.**—The organizing instrument must specify the organizational purposes of the organization. The purposes specified must be limited to one or more of those given in section 501(c)(3). See Pub. 587 for detailed instructions and for sample organizing instruments that satisfy the requirements of section 501(c)(3) and the related regulations.

## Part II. Activities and Operational Information

**Line 1.—It is important that you report all activities carried on by the organization to enable the IRS to make a proper determination of the organization's exempt status.**

**Line 2.—If it is anticipated that the organization's principal sources of support will increase or decrease substantially in relation to the organization's total support, attach a statement describing anticipated changes and explaining the basis for the expectation.**

**Line 3.—For purposes of providing the information requested on line 3, "fundraising activity" includes the solicitation of contributions and both functionally related activities and unrelated business activities. Include a description of the nature and magnitude of the activities.**

**Line 4a.—Furnish the mailing addresses of the organization's principal officers, directors, or trustees. Do not give the address of the organization.**

**Line 4b.—The annual compensation includes salary, bonus, and any other form of payment to the individual for services while employed by the organization.**

**Line 4c.—Payee: officer includes anyone holding an elected position or anyone appointed to a position by an elected official.**

**Line 4d.—For purposes of this application, a "disqualified person" is any person who, if the applicant organization were a private foundation, is:**

1. A "substantial contributor" to the foundation (defined below);
2. A foundation manager;
3. An owner of more than 20% of the total combined voting power of a corporation that is a substantial contributor to the foundation;
4. A "member of the family" of any person described in 1, 2, or 3 above;
5. A corporation, partnership, or trust in which persons described in 1, 2, 3, or 4 above, hold more than 35% of the combined voting power, the profits interest, or the beneficial interests; and
6. Any other private foundation that is effectively controlled by the same persons who control the first-mentioned private foundation or any other private foundation substantially all of whose contributions were made by the same contributors.

A substantial contributor is any person who gives a total of more than \$5,000 to the organization, and those contributions are more than 2% of all the contributions and bequests received by the organization from the date it was created up to the end of the year the contributions by the substantial contributor were received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed by that person or estate.

See Pub. 589 for more information on "disqualified persons."

Line 6.—If your organization controls or is ~~controlled~~ <sup>controlled</sup> by another exempt organization or a taxable organization, answer "Yes."  
"Control" means that:

1. Fifty percent (50%) or more of the filing organization's officers, directors, trustees, or key employees are also officers, directors, trustees, or key employees of the second organization being tested for control;
2. The filing organization appoints 50% or more of the officers, directors, trustees, or key employees of the second organization; or
3. Fifty percent (50%) or more of the filing organization's officers, directors, trustees, or key employees are appointed by the second organization.

Control exists if the 50% test is met by any one group of persons even if collectively the 50% test is not met. Examples of special relationships are common officers and the sharing of office space or employees.

Line 6.—If the organization receives any financial transactions (either receiving or distributing cash or other assets), or nonfinancial activities with an exempt organization (other than a 501(c)(3) organization), or with a political organization, answer "Yes," and explain.

Line 7.—If the organization must report its income and expense activity to any other organization (tax-exempt or taxable entity), answer "Yes."

Line 8.—Examples of assets used to perform an exempt function are: land, building, equipment, and publications. Do not include cash or property producing investment income. If you have no assets used in performing the organization's exempt function, answer "N/A."

Line 10a.—If the organization is managed by another exempt organization, a taxable organization, or an individual, answer "Yes."

Line 10b.—If the organization leases property from anyone or leases any of its property to anyone, answer "Yes."

Line 11.—A membership organization for purposes of this question is an organization that is composed of individuals or organizations who:

1. Share in the common goal for which the organization was created;
2. Actively participate in achieving the organization's purposes; and
3. Pay dues.

Line 12.—Examples of benefits, services, and products are: meals to homeless people, home for the aged, a museum open to the public, and a symphony orchestra giving public performances.

Note: Organizations that provide low-income housing should see Rev. Proc. 88-52, 1988-1 C.B. 717, for a "safe harbor" and an alternative facts and circumstances test to be used in completing line 12.

Line 13.—An organization is attempting to influence legislation if it contacts or urges the public to contact members of a legislative body, for the purpose of proposing, supporting, or opposing legislation, or if it advocates the adoption or rejection of legislation.

If you answer "Yes," you may want to file Form 5708, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation.

Line 14.—An organization is intervening in a political campaign if it promotes or opposes the candidacy or gubernatorial candidacy of an individual for public office.

## Part III. Technical Requirements

Line 1.—If you check "Yes," proceed to line 7. If you check "No," proceed to line 2.

Line 2a.—To qualify as an integrated auxiliary, an organization must not be a private inurement and must satisfy the attention and support tests of Regulations section 1.6033-2(f).

Line 3.—Relief from the 18-month filing requirement is granted automatically if the organization submits a completed Form 1023 within 12 months from the end of the 18-month period.

To get this extension, an organization must add the following statement at the top of its application: "Filed Pursuant to Section 301.9100-2." No request for a letter ruling is required to obtain an automatic extension.

Line 4.—See Regulations sections 301.9100-1 and 301.9100-3 for information about a discretionary extension beyond the 18-month period. Under these regulations, the IRS will allow an organization a reasonable extension of time to file a Form 1023 if it submits evidence to establish that:

- (a) It acted reasonably and in good faith, and

- (b) Granting relief will not prejudice the interests of the government.

Showing reasonable action and good faith.—An organization acted reasonably and in good faith if at least one of the following is true:

1. The organization filed its application before the IRS discovered its failure to file.
2. The organization failed to file because of intervening events beyond its control.
3. The organization exercised reasonable diligence but was not aware of the filing requirement.

To determine whether the organization exercised reasonable diligence, it is necessary to take into account the complexity of filing and the organization's experience in these matters.

4. The organization reasonably relied upon the advice of the IRS.

5. The organization reasonably relied upon the advice of a qualified tax professional who failed to file or advise the organization to file Form 1023. An organization cannot rely on the advice of a qualified tax professional if it knows or should know that he or she is not competent to render advice on filing exemption applications or is not aware of all the relevant facts.

Not acting reasonably and in good faith.—An organization has not acted reasonably and in good faith if it knew not to file after being informed of the requirement to file and the consequences of failure to do so. Furthermore, an organization has not acted reasonably and in good faith if it used hindsight to request an extension of time to file. That is, if after the original deadline to file passes, specific facts have changed so that filing an application becomes advantageous to an organization, the IRS will not ordinarily grant an extension. To qualify for an extension in this situation, the organization must prove that its decision to file did not involve hindsight.

No prejudice to the interests of the government.—Relief from the interest of the government results if granting an extension of time to file to an organization results in a lower total tax liability for the years to which the filing applies than would have been the case if the organization had applied on time. Before granting an extension, the IRS may require the organization requesting it to submit a statement from an independent auditor certifying that no prejudice will result if the extension is granted.

Procedure for requesting extension.—To request a discretionary extension, an organization must submit the following with its Form 1023:

- A statement showing the date Form 1023 should have been filed and the date it was actually filed.
- An affidavit describing in detail the events that led to the failure to apply and be the director of that failure. If the organization relied on a qualified tax professional's advice, the affidavit must describe the engagement and responsibilities of the professional and the extent to which the organization relied on him or her.
- All documents relevant to the election application.
- A dated declaration, signed by an individual authorized to act for the organization, that includes the following statement: "Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete."
- A detailed affidavit from individuals having knowledge or information about the events that led to the failure to make the application and to the discovery of that failure. These individuals include accountants or attorneys who participated in the request; were advised the organization was making the application; were advised from a tax professional; were describing the engagement and responsibilities of the professional as well as the advice that the professional provided to the organization. The affidavit must also include the name, current address, and taxpayer identification number of the individual making the affidavit (the affiant). The affiant must also sign and with the affidavit a dated and signed declaration that states: "Under penalties of perjury, I declare that I have examined this request, including accompanying documents, and, to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete."

The reasons for late filing should be specific to your particular organization and situation. Regulation section 301.9100-3 (see above) lists the factors the IRS will consider in determining if good cause exists for granting a discretionary extension of time to file the application. To address these factors, your response for line 4 should provide the following information:

1. Whether the organization consulted any lawyer or accountant knowledgeable in tax matters or communicated with a responsible IRS employee (before or after the organization was created) to ascertain the organization's Federal filing requirements and, if so, the names and occupations or titles of the persons consulted; the appropriate dates, and the substance of the information obtained;

2. How and when the organization learned about the 15-month deadline for filing Form 1024;

3. Whether any significant intervening circumstances beyond the organization's control prevented it from submitting the application timely or within a reasonable period of time after it learned of the requirement to file the application within the 15-month period; and

4. Any other information that you believe may establish reasonable cause and good faith and no prejudice to the interest of the government for not filing timely or otherwise justifying the relief sought.

A request for relief under this section is treated as part of the request for the exemption determination letter and is covered by the user fee submitted with Form 8718.

Line 3.—If you answer "No," the organization may receive an adverse letter limiting the effective date of its exempt status to the date its application was received.

Line 4.—The organization may still be able to qualify for exemption under section 501(c)(4) for the period preceding the expiration date of its exemption as a similar administrative organization. If the organization is qualified under section 501(c)(4) and page 1 of Form 1024 is filed as directed, the organization will not be liable for income tax returns as a taxable entity. Contributions to section 501(c)(4) organizations are generally not deductible by donors as charitable contributions.

Line 7.—Private foundations are subject to various requirements, restrictions, and excise taxes under Chapter 42 of the Code that do not apply to public charities. Also, contributions to private foundations may receive less favorable treatment than contributions to public charities. See Pub. 578. Therefore, it is usually to an organization's advantage to show that it qualifies as a public charity rather than as a private foundation if its activities or sources of support permit it to do so. Unless an organization meets one of the exceptions below, it is a private foundation. In general, an organization is not a private foundation if it is:

1. A church, school, hospital, or governmental unit;
2. A medical research organization operated in conjunction with a hospital;
3. An organization operated for the benefit of a college or university that is owned or operated by a governmental unit;
4. An organization that normally receives a substantial part of its support from a substantial part of the general public as provided in section 170(b)(1)(A)(iv);
5. An organization that normally receives not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts related to its exempt functions (subject to certain exceptions) as provided in section 509(a)(2);
6. An organization operated solely for the benefit of, and in connection with, one or more organizations described above (or for the benefit of one or more of the organizations described in section 501(c)(4), (5), or (6) of the Code and also described in 6 above, but not controlled by disqualified persons other than foundation managers, as provided in section 509(a)(3); or
7. An organization organized and operated to test for public safety as provided in section 509(a)(4).

Line 8.—Basis for private operating foundation status: (Complete this line only if you answered "Yes" to the question on line 7.)

A "private operating foundation" is a private foundation that spends substantially all of its invested net income for its minimum investment return, whichever is less, directly for the active conduct of the activities constituting the purpose or purposes for which it is organized and operated.

The foundation must satisfy the income test and one of the three operational tests: (1) the grants test; (2) the endowment test; or (3) the support test. For additional information, see Pub. 578.

Line 9.—Basis for nonprivate foundation status: Check the box that shows why your organization is not a private foundation.

Box (a). A church or convention or association of churches.

Box (b). A school.—See the definition in the instructions for Schedule B.

Box (c). A hospital or medical research organization.—See the instructions for Schedule C.

Box (d). A governmental unit.—This category includes a state, a possession of the United States, or a political subdivision of any of the foregoing, or the District of Columbia.

Box (e). Organizations operated in connection with or solely for organizations described in (a) through (d) or (a) through (c).—An organization must be organized and operated for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations described in section 509(a)(1) or (2). It must be operated, supervised, or controlled by or in connection with one or more of the organizations described in the instructions for boxes (a) through (d) or (a) through (c). It must not be controlled directly or indirectly by disqualified persons (other than foundation managers or organizations described in section 509(a)(1) or (2)). To show whether the organization satisfies these tests, complete Schedule D.

Box (f). An organization testing for public safety.—An organization in this category is one that tests products to determine their acceptability for use by the general public. It does not include any organization testing for the benefit of a manufacturer as an operation or control in the manufacture of its product.

Box (g). Organization for the benefit of a college or university owned or operated by a governmental unit.—The organization must be organized and operated exclusively for the benefit of a college or university that:

- is an educational organization within the meaning of section 170(b)(1)(A)(ii) and is an agency or instrumentality of a state or political subdivision of a state;
- is owned or operated by a state or political subdivision of a state; or
- is owned or operated by an agency or instrumentality of one or more states or political subdivisions.

The organization must also normally receive a substantial part of its support from the United States or any state or political subdivision of a state, or from direct or indirect contributions from the general public or from a combination of these sources.

An organization described in section 170(b)(1)(A)(iv) will be subject to the same publicly supported rules that are applicable to 170(b)(1)(A)(iv) organizations described in box (g) below.

Box (h). Organization receiving support from a governmental unit or from the general public.—The organization must receive a substantial part of its support from the United States or any state or political subdivision, or from direct or indirect contributions from the general public, or from a combination of these sources.

The organization may satisfy the support requirement in either of two ways.

(1) It will be treated as publicly supported if the support it normally receives from the above described governmental units and the general public amounts to at least one-third of its total support.

(2) It will also be treated as publicly supported if the support it normally receives from governmental or public sources equals at least 10% of total support and the organization is set up to attract new and additional public or governmental support on a continuous basis.

If the organization's governmental and public support is at least 10%, but not over one-third of its total support, the questions on lines 1 through 14 of Part II will apply to determine both the organization's claim of exemption and whether it is publicly supported. Preparers should exercise care to assure that those questions are answered in detail.

Box (i). Organization described in section 509(a)(2).—The organization must satisfy the support test under section 509(a)(2)(A) and the gross investment income test under section 509(a)(2)(B).

To satisfy the support test, the organization must normally receive more than one-third of its support from: (a) gifts, grants, contributions, or membership fees, and (b) gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in an activity that is not an unrelated trade or business (subject to certain limitations discussed below).

This one-third of support must be from organizations described in section 509(a)(1), governmental sources, or persons other than disqualified persons.

In computing gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in an activity that is not an unrelated trade or business, the gross receipts from any one person or from any bureau or similar agency of a governmental unit are immaterial if the entire group do not exceed the greater of \$5,000 or 1% of the organization's total support.

To satisfy the gross investment income test, the organization must not receive more than one-third of its support from gross investment income.

**Box (j).**—If you believe the organization meets the public support test of section 170(b)(1)(A)(vi) or 509(a)(2) be certain as to which public support test it satisfies, check box (j). By checking this box, you are claiming that the organization is not a private foundation and are agreeing to let the IRS examine the public support of your organization and determine the correct foundation status.

**Line 10.**—An organization must complete a tax year consisting of at least 8 months to receive a definitive (final) ruling under sections 170(b)(1)(A)(vi) and 509(a)(1), or under section 509(a)(2).

However, organizations that checked box (j), (k), or (l) on line 9 that do not meet the 8-month requirement must request an advance ruling that covers their first 5 tax years instead of requesting a definitive ruling.

An organization that meets the 8-month requirement has two options:

1. It may request a definitive ruling. The organization's public support computation will be based on the support the organization has received to date; or
2. It may request an advance ruling. The organization's public support computation will be based on the support it receives during its first 5 tax years.

An organization should consider the advance ruling option if it has not received significant public support during its first tax year or during its first and second tax years, but it reasonably expects to receive such support by the end of its fifth tax year.

An organization that receives an advance ruling is treated, during the 5-year advance ruling period, as a public charity rather than a private foundation for certain purposes, including those relating to the deductibility of contributions by the general public.

**Line 11.**—For definition of an unusual grant, see instructions for Part IV-A, line 12.

**Line 12.**—Answer this question only if you checked box (j), (k), or (l) on line 9.

**Line 13.**—Answer the question on this line only if you checked box (i) or (j) on line 9 and are requesting a definitive ruling on line 10.

**Line 14.**—Answer "Yes" or "No" on each line. If "Yes," you must complete the appropriate schedule. Each schedule is included in this application package with accompanying instructions. For a brief definition of each type of organization, see the appropriate schedule.

## Part IV. Financial Data

Complete the Statements of Revenue and Expenses for the current year and each of the 3 years immediately before it (or the years the organization has existed, if less than 4).

Any applicant that has existed for less than 1 year must give financial data for the current year and proposed budgets for the following 2 years.

The IRS may request financial data for more than 4 years if necessary.

All financial information for the current year must cover the period beginning on the first day of the organization's established annual accounting period and ending on any day that is within 60 days of the date of this application.

If the date of this application is less than 60 days after the last day of the current accounting period, no financial information is required for the current year.

Financial information is required for the 3 preceding years regardless of the current year requirements. Please note that if no financial information is required for the current year, the preceding year's financial information can end on any day that is within 60 days of the date of this application.

Prepare the statements using the method of accounting and the accounting period (entered on line 4 of Part I) the organization uses in keeping its books and records. If the organization uses a method other than the cash receipts and disbursements method, attach a statement explaining the method used.

### A. Statement of Revenue and Expenses

**Line 1.**—Do not include amounts received from the general public or a governmental unit for the exercise or performance of the organization's exempt function. However, include payments made by a governmental unit to enable the organization to provide a service to the general public.

Do not include unusual grants. See the explanation for unusual grants in Line 12 of this section.

**Line 2.**—Include amounts received from members for the purpose of providing support to the organization. These are considered as contributions. Do not include payments to purchase admissions, merchandise, services, or use of facilities.

**Line 3.**—Include on this line the income received from dividends, interest, and payment received on securities loans, rents, and royalties.

**Line 4.**—Enter the organization's net income from any activities that are regularly carried on and are not related to the organization's exempt purposes.

Examples of such income include fees from the commercial listing of products; income from renting office equipment or other personal property; and income from the sale of advertising in an exempt organization's periodical. See Pub. 588 for information about unrelated business income and activities.

**Line 5.**—Enter the amount collected by the local tax authority from the general public that has been allocated for your organization.

**Line 6.**—To report the value of services and/or facilities furnished by a governmental unit, use the fair market value at the time the service/facility was furnished to your organization. Do not include any other donated services or facilities in Part IV.

**Line 7.**—Enter the total income from all sources that is not reported on lines 1 through 6, or lines 8, 11, and 12. Attach a schedule that lists each type of revenue source and the amount derived from each.

**Line 8.**—Include income generated by the organization's exempt function activities (charitable, educational, etc.) and its nontaxable fundraising events (excluding any contributions received).

Examples of such income include the income derived by a symphony orchestra from the sale of tickets to its performances; and raffles, bingo, or other fundraising events that is not taxable as unrelated business income because the income-producing activities are not regularly carried on or because they are conducted with substantiality of (at least 85%) volunteer labor. Record related cost of sales on line 22, Other.

**Line 11.**—Attach a schedule that shows a description of each asset, the name of the person to whom sold, and the amount received. In the case of publicly traded securities sold through a broker, the name of the purchaser is not required.

**Line 12.**—Unusual grants generally consist of substantial contributions and bequests from disinterested persons that:

1. Are unusual by reason of the unusually significant nature of the organizations;
2. Are unusual and unexpected as to the amount; and
3. Would, by reason of their size, adversely affect the status of the organization as normally meeting the support test of section 170(b)(1)(A)(vi) or section 509(a)(2), as the case may be.

If the organization is awarded an unusual grant and the terms of the granting instrument provide that the organization will receive the funds over a period of years, the amount received by the organization each year under the grant may be excluded. See the regulations under sections 170 and 509.

**Line 14.**—Fundraising expenses represent the total expenses incurred in soliciting contributions, gifts, grants, etc.

**Line 15.**—Attach a schedule showing the name of the recipient, a brief description of the purposes or conditions of payment, and the amount paid. The following example shows the format and amount of detail required for this schedule:

Recipient	Purpose	Amount
Museum of Natural History	General operating budget	\$23,800
State University	Stipend for nursing students	14,500
Richard Roe	Educational scholarship	12,500

Colleges, universities, and other educational institutions and agencies subject to the Family Educational Rights and Privacy Act (20 U.S.C. 1232g) are not required to list the names of individuals who were provided scholarships or other financial assistance within such disclosure would violate the privacy provisions of the law. Instead, such organizations should group each type of financial aid provided, indicate the number of individuals who received the aid, and specify the aggregate dollar amount.

**Line 16.**—Attach a schedule showing the name of each recipient, a brief description of the purposes or conditions of payment, and amount paid. Do not include any amounts that are on line 15. The schedule should be similar to the schedule shown in the line 15 instructions above.

**Line 17.**—Attach a schedule that shows the name of the person compensated for office or position; the average amount of time devoted to the organization's affairs per week, month, etc.; and the amount of annual compensation. The following example shows the format and amount of detail required:



Name	Position	Time paid	Annual salary
Philip Poe	President and general manager	16 hrs. per wk.	\$27,500

Line 18.—Enter the total of employees' salaries not reported on line 17.

Line 19.—Enter the total interest expense for the year, excluding mortgage interest treated as if an occupancy expense on line 20.

Line 20.—Enter the amount paid for the use of office space or other facilities, heat, light, power, and other utilities; outside janitorial services; mortgage interest; real estate taxes; and similar expenses.

Line 21.—If your organization records depreciation, depletion, and similar expenses, enter the total.

Line 22.—Attach a schedule listing the type and amount of each significant expense for which a separate line is not provided. Report other miscellaneous expenses as a single total if not substantial in amount.

### B. Balance Sheet

Line 1.—Enter the total cash in checking and savings accounts, temporary cash investments (money market funds, CDs, treasury bills, or other obligations that mature in less than 1 year), change funds, and petty cash funds.

Line 2.—Enter the total accounts receivable that arise from the sale of goods and/or performance of services, less any reserve for bad debt.

Line 3.—Enter the amount of materials, goods, and supplies purchased or manufactured by the organization and held to be sold or used in some future period.

Line 4.—Attach a schedule that shows the name of the borrower, a brief description of the obligation, the rate of return on the principal investment, the due date, and the amount due. The following example shows the format and amount of detail required:

Name of borrower	Description of obligation	Rate of return	Due date	Amount
Hope Soap Corporation	Debtmaster bond (no senior issue outstanding)	8%	Jan. 2004	\$22,500
Big Spool Company	Collateral note secured by company's fleet of 20 delivery trucks	18%	Jan. 2003	288,060

Line 5.—Attach a schedule listing the organization's corporate stock holdings.

For stock of closely held corporations, the statement should show the name of the corporation, a brief summary of the corporation's capital structure, and the number of shares held and their value as carried on the organization's books. If such valuation does not reflect current fair market value, also include fair market value.

For stock traded on an organized exchange or in substantial quantities over the counter, the statement should show the name of the corporation, a description of the stock and the principal exchange on which it is traded, the number of shares held, and their value as carried on the organization's books.

The following example shows the format and the amount of detail required:

Name of corporation	Capital structure (or exchange on which traded)	Shares	Book amount	Fair market value
Little Spool Corporation	100 shares intended to be issued and outstanding, no par value; 50 shares common issued and outstanding, no par value.			
	Preferred shares:	50	\$20,000	\$24,000
	Common shares:	10	25,000	30,000
Flintlock Corporation	Class A common N.Y.S.E.	80	6,000	6,500

Line 6.—Report each loan separately, even if more than one loan was made to the same person. Attach a schedule that shows the borrower's name, purpose of loan, repayment terms, interest rate, and original amount of loan.

Line 7.—Enter the book value of government securities held (U.S. state, or municipal). Also enter the book value of buildings and equipment held for investment purposes. Attach a schedule identifying and reporting the book value of each.

Line 8.—Enter the book value of buildings and equipment not held for investment. This includes plant and equipment used by the organization in conducting its exempt activities. Attach a schedule listing these assets at the end of the current tax year/period and the cost or other basis.

Line 9.—Enter the book value of land not held for investment.

Line 10.—Enter the book value of each category of assets not reported on lines 1 through 9. Attach a schedule listing each.

Line 12.—Enter the totals of accounts payable to suppliers and others, such as salaries payable, accrued payroll taxes, and interest payable.

Line 13.—Enter the unpaid portion of grants and contributions that the organization has made a commitment to pay to other organizations or individuals.

Line 14.—Enter the total of mortgages and other notes payable outstanding at the end of the current tax year/period. Attach a schedule that shows each loan separately and the lender's name, purpose of loan, repayment terms, interest rate, and original amount.

Line 15.—Enter the amount of each liability not reported on lines 12 through 14. Attach a separate schedule.

Line 17.—Under fund accounting, an organization segregates its assets, liabilities, and net assets into separate funds according to restrictions on the use of certain assets. Each fund is like a separate entity in that it has a self-balancing set of accounts showing assets, liabilities, equity (fund balance), income, and expenses. If the organization does not use fund accounting, report only the "net assets" account balances, such as: capital stock, paid-in capital, and retained earnings or accumulated income.

**Paperwork Reduction Act Notice.**—We ask for the information on this form to carry out the Internal Revenue laws of the United States. If you want your organization to be recognized as tax-exempt by the IRS, you are required to give us this information. We need it to determine whether the organization meets the legal requirements for tax-exempt status.

The organization is not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of the Form 1023 application are covered in Code section 6114.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are:

Form	Responding	Learning about the law or the form	Preparing, and copying the form to IRS
1023 Parts I to IV	55 hr., 58 min.	5 hr., 1 min.	8 hr., 33 min.
1023 Sch. A	7 hr., 10 min.	-0- min.	7 min.
1023 Sch. B	4 hr., 47 min.	30 min.	36 min.
1023 Sch. C	5 hr., 1 min.	35 min.	43 min.
1023 Sch. D	4 hr., 4 min.	42 min.	47 min.
1023 Sch. E	9 hr., 20 min.	1 hr., 5 min.	1 hr., 77 min.
1023 Sch. F	2 hr., 39 min.	2 hr., 53 min.	3 hr., 8 min.
1023 Sch. G	2 hr., 38 min.	-0- min.	2 min.
1023 Sch. H	1 hr., 55 min.	42 min.	48 min.
1023 Sch. I	3 hr., 35 min.	-0- min.	4 min.
872-C	1 hr., 26 min.	24 min.	26 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making these forms simpler, we would be happy to hear from you. You can write to the Tax Forms Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. DO NOT send the application to this address. Instead, see Where To File on page 1.

# Instructions for Form 8871

(Rev. July 2003)

## Political Organization Notice of Section 527 Status

Section references are to the Internal Revenue Code unless otherwise noted.



Department of the Treasury  
Internal Revenue Service

## General Instructions

### Changes To Note

Political organizations are now required to:

- File Form 8871-X, Political Organization Declaration for Electronic Filing of Notice of Section 527 Status, after the filing of their initial Form 8871. See *Where and How To File* below.
- Use the username and password issued upon filing the initial Form 8871 and Form 8453-X to file an amended or final Form 8871 or to electronically file Form 8872, Political Organization Report of Expenditures and Exemptions. See *Where and How To File* below.
- Provide any identification numbers assigned to them by any election authority. See Lines 8a and 8b—Election Authority Identification Number on page 2.

### Purpose of Form

Political organizations must use Form 8871 to notify the IRS that the organization is to be treated as a tax-exempt section 527 organization. The IRS is required to make publicly available on the Internet and at its offices a list of the organizations that file Form 8871 (including the organization's mailing address, email address, custodian of records, and contact person as shown on Form 8871).

Political organizations must also use Form 8871 to notify the IRS of any material change in the information reported on a previously filed Form 8871.

### Definitions

#### Political organization

Political organization means a party, committee, association, fund, or other organization (whether or not incorporated) organized and operated primarily for the purpose of directly or indirectly accepting contributions or making expenditures, or both, for an exempt function.

#### Exempt function

Exempt function means the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, state, or local public office or office in a political organization, or the election of the Presidential or Vice Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed. It also includes expenditures made relating to one of these offices, which if incurred by the individual, would be allowable as a business deduction under section 162(a).

### Who Must File

Every political organization that is to be treated as a tax-exempt political organization under the rules of section 527 must file Form 8871, except for:

- An organization that reasonably expects the annual gross receipts to always be less than \$25,000.

- A political committee required to report under the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.).
- A political committee of a state or local candidate,
- A state or local committee of a political party, or
- A tax-exempt organization described in section 501(c) that is treated as having political organization taxable income under section 527(f)(1).

### When To File

#### Initial Filing

Form 8871 must be filed within 24 hours of the date on which the organization was established. If the due date falls on a Saturday, Sunday, or legal holiday, the organization may file on the next business day.

#### To Report a Material Change

In general, an organization must file an amended Form 8871 within 30 days after the occurrence of the material change being reported. An organization must file a final Form 8871 within 30 days of termination. If the due date falls on a Saturday, Sunday, or legal holiday, the organization may file on the next business day.

### Where and How To File

Section 527(f)(1)(A) requires that the organization file Form 8871 electronically. The paper version of Form 8871 is obsolete. File Form 8871 via the IRS Internet Web Site at: [www.irs.gov/polorgs](http://www.irs.gov/polorgs) (IRS Keyword: political orgs).

Form 8453-X is generated when the initial Form 8871 is electronically filed. Print the Form 8453-X, sign it, and mail it to the Internal Revenue Service Center, Ogden, UT 84201.

While not required to establish timely filing, section 7502(b) provides that sending a document by U.S. registered mail provides prima facie evidence of the mailing date and that it was delivered.

Upon receipt of the Form 8453-X, the Internal Revenue Service will send the organization a username and password that must be used to file an amended or final Form 8871 or to electronically file Form 8872.

### Who Must Sign

Form 8871 must be signed by an official authorized by the organization to sign this notice.

### Effect of Failure To File Form 8871

An organization that is required to file Form 8871, but fails to do so on a timely basis, will not be treated as a tax-exempt section 527 organization for any period before the due Form 8871 is filed. In addition, the taxable income of the organization for that period (or, for a material change, where there is a failure timely to file an amended Form 8871, for the period beginning on the

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date the change occurred and entered on the date on which Form 8871 is filed will be verified by including its exempt function income (minus any deductions directly connected with the production of that income).

## Other Required Reports and Returns

An organization that files Form 8871 may also be required to file the following forms:

- Form 8872, Political Organization Report of Contributions and Expenditures (periodic reports are required during the calendar year).
- Form 990, Return of Organization Exempt From Income Tax, or Form 990-E, Short Form Return of Organization Exempt From Income Tax (or other designated annual information return).
- Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations (annual income tax return).

## Public Inspection of Form 8871 and Related Materials

Form 8871 (including any supporting papers), and any letter or other document the IRS issues with regard to Form 8871, are open to public inspection at the IRS in Washington, DC, and on the IRS Internet Web site at [www.irs.gov/politics](http://www.irs.gov/politics) (IRS Keyword: political orgs). In addition, the organization must make available for public inspection a copy of these materials during regular business hours at the organization's principal office and at each of its regional or district offices having at least three paid employees. A penalty of \$20 per day will be imposed on any person under a duty to comply with the public inspection requirement for each day a failure to comply continues.

## Telephone Assistance

If you have questions or need help completing Form 8871, please call 1-877-829-5500. This toll-free telephone service is available Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern time.

## Specific Instructions

### Part I—General Information

#### Employer Identification Number (EIN)

Enter the EIN in the space provided. If the organization does not have an EIN, it must apply for one on Form SS-4, Application for Employer Identification Number. Form SS-4 can be obtained by downloading it from the IRS Internet Web Site at [www.irs.gov](http://www.irs.gov) or by calling 1-800-TAX-FORM (1-800-829-3676). See the Form SS-4 instructions for information about where and how to file, including by fax or telephone.

When electronically filing an amended or final Form 8871, the organization's EIN will be entered by the computer program and may not be changed.

#### Line 4b—Date of Material Change

For an initial notice, the date of material change is not required unless the organization is filing its initial notice because it no longer qualifies for an exemption to the filing requirements, such as reasonably anticipating it will always have annual gross receipts of less than \$25,000. In that case, enter the date the organization no longer

qualified for the exemption. For an amended notice, enter the date of the material change being reported. For a final notice, enter the date the organization terminated.

#### Lines 6a and 6b—Custodian of Records

Enter the name and address of the person in possession of the organization's books and records.

#### Lines 7a and 7b—Contact Person

Enter the name and address of the person whom the public may contact for more information about the organization.

#### Lines 8a and 9b—Election Authority Identification Number

If the organization has not been assigned any identification number by any election authority, enter "None." Otherwise, provide each identification number assigned and identify the state in which the election authority is located. For a federal identification number, enter "Federal" for the state.

## Part II—Exemptions

#### Lines 10a and 10b—Qualified State or Local Political Organization

Qualified state or local political organizations (defined below) are exempt from filing Form 8872. If you are claiming this exemption for the organization, you must check the "Yes" box and enter the state where the organization files its reports. If not, check the "No" box.

A qualified state or local political organization is a political organization that meets the following requirements:

- The organization limits its exempt function to the purpose of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any state or local public office or office in a state or local political organization;
- The organization is required under a state law to report to a state agency (and the organization does so) the information that otherwise would be required to be reported on Form 8872. The organization will meet this requirement even if the state law does not require reporting of the identical information required on the Form 8872, so long as at least the following information is required to be reported under the state law and is reported by the organization:
  1. The name and address of every person who contributes \$500 or more in the aggregate to the organization during the calendar year and the amount of each contribution, and
  2. The name and address of every person to whom the organization makes expenditures aggregating \$800 or more during the calendar year, and the amount of each expenditure.

However, if the state law requires the reporting of (1) an individual's occupation or employer of any person to whom such expenditures are made, or the date or purpose of each such expenditure; or, if the state law requires the reporting of (2) an individual's occupation or employer of any such contributor or the date of each such contribution, the organization will meet this requirement only if it reports that additional information to the state agency;

- The state agency makes the reports filed by the organization publicly available;

• The organization makes the report filed with the state agency publicly available for public inspection during regular business hours at the organization's principal office (and absence of its principal or district offices having at least three paid employees). Contribution information must be disclosed to the public; and

• No federal candidate or officeholder controls or materially participates in the direction of the organization, solicits contributions to the organization, or directs any of the organization's disbursements.

For additional information, see section 527(e)(5) and Revenue Ruling 2003-49; 2003-20 I.R.B. 903.

#### Line 11—Caucus or Association

A political organization that is a caucus or association of state or local officials is exempt from filing Form 990. If you are claiming this exemption for the organization, you must check the "Yes" box on line 11. If not, check the "No" box.

### Part IV—Related Entities

#### Line 13—No Related Entities

If there are no related entities, check the "There are no related entities" box and use the "Proceed to Next Step" button.

If there is more than one related entity, use the "Add Entity" button until all related entities are entered, then use the "Proceed to Next Step" button.

#### Lines 14a through 14c—Name, Relationship, and Address of Related Entity

List the name, relationship, and address of all related entities. An entity is a related entity if either 1 or 2 below applies.

1. The organization and that entity have (a) significant common purposes and substantial common membership or (b) substantial common direction or control (either directly or indirectly).

2. Either the organization or that entity owns (directly or through one or more entities) at least a 50% capital or

profits interest in the other. For this purpose, all entities that are defined as related entities under 1 above must be treated as a single entity.

If 1 applies, enter "connected" under relationship. If 2 applies, enter "affiliated" under relationship.

### Part V—Officers, Directors, and Highly Compensated Employees

#### Lines 15a through 15c—Name, Title, and Address

Enter the name, title, and address of all of the organization's officers, members of the board of directors (i.e., governing body, regardless of name), and highly compensated employees. Highly compensated employees are the five employees (other than officers and directors) who are expected to have the highest annual compensation over \$50,000. Compensation includes both cash and noncash amounts, whether paid currently or deferred.

If there is more than one individual required to be listed in Part V, use the "Add Officer" button until all names are entered, then use the "Proceed to Next Step" button.

#### Filing

You will not be able to reach this step until you have provided all required information. Before moving on to this step, please review all information entered to ensure that it is true, correct and complete. Once you have attested to this by entering your name and using the "Submit Form 990" button, the information entered will be made available to the public. Form 9453-X is generated when the initial Form 990 is electronically filed. Print the Form 9453-X, sign it, and mail it as directed in Where and How to File.

**Paperwork Reduction Act Notice.** We ask for the information on this form to carry out the Internal Revenue laws of the United States. If the organization is to be treated as a tax-exempt section 527 organization, you are required to give us this information. We want it so much that you are complying with these laws.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. The rules governing the confidentiality of Form 990 are covered in section 6104.

The time needed to complete and file these forms will vary depending on individual circumstances. The estimated average times are:

Form	990	9453-X
Recordkeeping .....	5 hr., 15 min.	20 min.
Learning about the law or the form .....	47 min.	6 min.
Preparing and sending the form to the IRS .....	55 min.	8 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can write to the Tax Products Coordinating Committee, Western Area Distribution Center, Rancho Cordova, CA 95743-0001. Do not send Form 990 to this address. Instead, see Where and How to File on page 1.



Internal Revenue Service IRS.gov

DEPARTMENT OF THE TREASURY

## The Newsroom

### Section 527 Political Organizations Revised Tax Filing Requirements

FS-2002-13, November 2002

Legislation adopted in 2002 altered filing requirements for certain political organizations that seek tax-exempt status under section 527 of the Internal Revenue Code. The new law generally reduces filing requirements for certain state/local political organizations that already disclose certain information to state agencies. In addition, the law releases some political organizations from filing an annual income tax return or an annual information return. Except where noted, the revised filing requirements are retroactive to July 1, 2000. This fact sheet discusses the current filing requirements as revised by the new legislation and announced in a Nov. 21, 2002 IRS news release. FS-2002-11, published May 2002, is superseded.

#### The new law

- Exempts state and local candidate and party committees from filing Form 9871 and Form 990 (or 990-EZ);
- Exempts qualified state and local political organizations (QSLPOs) (as defined below) from filing Form 9872;
- Exempts political committees filing with the FEC from filing Form 990 (or 990-EZ);
- Exempts political organizations that are a caucus or association of state or local officials from filing Form 990 (or 990-EZ);
- Requires additional information on Form 9871 and Form 9872;
- Requires the filing of an amended Form 9871 after material changes to maintain tax-exempt status;
- Increases reporting thresholds for certain Form 990 filers;
- Eliminates the requirement to file Form 1120-POL except where an organization has taxable income after taking the 2000 special election (relating to pre-July 2000 requirements);
- Reinstates the pre-July 2000 confidentiality requirement for any Form 1120-POL filed after November 2, 2002; and
- Changes the electronic filing requirements by
  - Requiring that Form 9871 be filed electronically (as opposed to both in writing and electronically); and
  - Requiring that any Form 9872 due after June 30, 2003, be filed electronically if the filing organization has or expects to have contributions or expenditures of more than \$10,000 during the calendar year.

#### Definition of Political Organization

Political organizations are organized and operated primarily to accept contributions and make expenditures for the purpose of influencing the "election, nomination, election, or appointment of any individual to Federal, State, or local public office or office in a political organization, or the election of Presidential electors." Political organizations include political party committees, Federal, State and local candidate committees and other political committees such as political action committees (PACs).

The law also creates a new sub-category of political organization – qualified state or local political organization (QSLPO). A state or local organization may be a QSLPO, if it meets the following criteria:

- All of its political activities relate solely to state or local public office (or office in a state

- or local political organization).
- It is subject to state law that requires it to report (and it does report) to a state agency information about contributions and expenditures that is similar to the information that the organization would otherwise be required to report to the IRS.
- The state agency and the organization make the reports publicly available, and
- No federal candidate or office holder controls it or materially participates in its direction, solicits contributions for it, or directs any of its disbursements.

### Filing Categories

Federal tax law divides political organizations into several different categories, and provides different filing requirements for each category. See the first chart below for the filing requirements for each category.

#### Federal organizations

- FEC political committee:** A political organization (including federal candidate committees, political party committees and PACs) that is required to report as a political committee under the Federal Election Campaign Act.
- Other federal political organization:** A political organization attempting to influence federal elections that is not required to report as a political committee under the Federal Election Campaign Act.

#### State and Local organizations

- Candidate committee:** A campaign committee of a state or local candidate.
- Party committee:** A state or local committee of a political party.
- Qualified state or local political organization (QSLPO):** See above definition.
- Caucus or association:** A group of state or local officials attempting to influence elections.
- Other political organization:** Any other state or local political organization.

### Filing Requirements

The filing requirements in the chart below apply to those political organizations that:

- Wish to be a tax-exempt political organization, and
- Receive or expect to receive \$25,000 or more in gross receipts in any taxable year.

If You Are A	You May Be Required To File
FEC political committee, state or local candidate committee or state or local committee of a political party	<ul style="list-style-type: none"> <li>Form 1120-POL</li> </ul>
Qualified state or local political organization (QSLPO)*	<ul style="list-style-type: none"> <li>Form 990-EZ;</li> <li>Form 1120-POL; and</li> <li>Form 990</li> </ul>
Caucus or association of state or local officials*	<ul style="list-style-type: none"> <li>Form 990-EZ;</li> <li>Form 990; and</li> <li>Form 1120-POL</li> </ul>
Any other political organization, including other federal political organizations and other state or local political organizations	<ul style="list-style-type: none"> <li>Form 990-EZ;</li> <li>Form 990;</li> <li>Form 1120-POL; and</li> <li>Form 990 or Form 990-EZ</li> </ul>
*An organization may be both a QSLPO and a caucus or association of state or local officials. If so, it is not required to file Form 990-EZ and Form 990.	

**NOTE:** If you are:

- A political organization that is not tax-exempt, or
- A tax-exempt political organization that does not have gross receipts of at least \$25,000

You must file Form 1120-POL if you have taxable income after taking the \$100 specific deduction for any taxable year.

#### Description of Form Filing Requirements

##### 1. Form 8871 – Notice of 527 Status

Unless excepted (see chart below), a political organization must file Form 8871, *Political Organization Notice of 527 Status*, with the IRS to be tax-exempt. Until it files the form, its income (including contributions) is subject to taxation. Form 8871 must be filed electronically, within 24 hours of the political organization's establishment. An amended Form 8871 must be filed within 30 days of any material change (including termination), or any income (including contributions) it receives after the material change will be subject to taxation.

##### 2. Form 8872 – Report of Contributions and Expenditures

Tax-exempt political organizations, other than QSLPAs, that file Form 8871 must file Form 8872, *Political Organization Report of Contributions and Expenditures*, to disclose information concerning:

- expenditures that aggregate \$500 or more per person, per calendar year; and
- contributions that aggregate \$200 or more per person, per calendar year.

A tax-exempt political organization that does not disclose this information must pay an amount equal to the highest corporate tax rate (35 percent) multiplied by the amount of contributions and expenditures not disclosed.

The filing due dates are available on the IRS web site at [www.irs.gov/polorgs](http://www.irs.gov/polorgs)

A political organization is not required to file Form 8872 for any period of time that it is subject to tax on its income because it did not file or amend a Form 8871.

##### 3. Form 1120-POL – U.S. Income Tax Return for Certain Political Organizations

Political organizations, whether or not tax-exempt, that have taxable income in excess of the \$100 specific deduction in a taxable year must file Form 1120-POL, *U.S. Income Tax Return for Certain Political Organizations*.

Form 1120-POL is due by the 15th day of the 3rd month after the end of the organization's taxable year. Political organizations may request a six-month extension of the filing deadline by filing Form 7004, *Application for Automatic Extension of Time to File Corporate Income Tax Return*. The extension must be filed by the due date of Form 1120-POL. There is a penalty for failure to file Form 1120-POL.

##### 4. Form 990 or 990-EZ – Return of Organization Exempt from Income Tax

Unless excepted (see chart below), a tax-exempt political organization must file an exempt organization annual information return if it has gross receipts of \$25,000 or more for the taxable year (\$100,000 for QSLPAs). A tax-exempt political organization with gross receipts of less than \$100,000 and assets of less than \$250,000 at the end of the year may file a Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*. Otherwise, it files a Form 990, *Return of Organization Exempt from Income Tax*.

Form 990 or Form 990-EZ is due on the 15th day of the 5th month after the end of the organization's taxable year. There is a penalty for failure to file this return. Organizations may request a three-month extension, without showing cause, by filing Form 8868, *Application for Extension of Time to File an Exempt Organization Return*, by the due date. A second three-month extension, with cause, may also be requested through Form 8868.

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Form	When filed	Exceptions to filing requirement
<b>8871</b> (instr.)	Within 24 hours of establishment or within 30 days of any material change, including termination	<ul style="list-style-type: none"> <li>• Organization that does not seek tax-exempt status;</li> <li>• Political committee required to report to the FEC</li> <li>• Campaign committee of state and local candidates;</li> <li>• State or local committee of political parties; and</li> <li>• Organization that reasonably expects annual gross receipts to always be less than \$25,000.</li> </ul>
<b>8872</b>	At organization's option, quarterly/semiannually or monthly, on same basis for entire calendar year (see form instructions for detailed information)	<ul style="list-style-type: none"> <li>• Any organization excepted from Form 8871 filing requirement (see above); and</li> <li>• Qualified state or local political organization (QSLPO).</li> </ul>
<b>1120-POL</b>	Due the 15th day of the 3rd month after the close of the taxable year	<ul style="list-style-type: none"> <li>• Political organization with no taxable income after taking the \$100 specific deduction</li> </ul>
<b>990 or 990-EZ</b>	Due the 15th day of the 5th month after the close of the taxable year	<ul style="list-style-type: none"> <li>• Any organization excepted from Form 8871 filing requirement (see above); and</li> <li>• Caucus or association of state or local officials</li> </ul>

**Disclosure Requirements**

Tax-exempt section 527 organizations must make their forms (other than Form 1120-POL) publicly available for inspection and copying at their principal place of business.

**For More Information**

Questions about the filing requirements may be directed to the Tax Exempt and Government Entities Customer Account Services toll free number 1-877-829-5820. Assistance is available 8 a.m. to 6:30 p.m. ET, Monday through Friday.

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## FEDERAL ELECTION COMMISSION

## Instructions for Statement of Organization (FEC FORM 1)

## When to File

New political committees must file this form to register the committee once they exceed the applicable threshold, as described below:

• **Principal campaign committees** must file this form no later than 10 days after the candidate designates the committee on the Statement of Candidacy (FEC FORM 2). Other authorized committees file this form with the principal campaign committee, which in turn must file this form with the appropriate filing office.

• **Committees sponsored by corporations, labor organizations or trade associations (i.e., separate segregated funds)** must file this form no later than 10 days after their establishment.

• **Local political party committees** must file this form no later than 10 days after exceeding one of the following thresholds during a calendar year: (1) receiving contributions in connection with a federal election aggregating in excess of \$5,000; (2) making exempt payments under 11 CFR 102.89, 102.27, 102.29, 100.146, 100.147 or 100.149 aggregating in excess of \$5,000; or (3) making contributions or expenditures in connection with a federal election aggregating in excess of \$1,000.

• **All other political committees** must file this form no later than 10 days after receiving contributions or making expenditures in connection with a federal election aggregating in excess of \$1,000 during a calendar year.

**Note:** Political committees (except for committees required to file with the Secretary of the Senate) must file reports in an electronic form under 11 CFR 104.18 if they have either received contributions or made expenditures in excess of \$50,000 during a calendar year; or if they have reason to expect that they will exceed either of those thresholds during the calendar year. If your committee has reached this level of activity, you must file this form in an electronic format.

A political committee is considered to have reason to expect it will exceed the electronic filing threshold for the next two calendar years after the calendar year in which it exceeds \$50,000 in contributions or expenditures. **Exception:** This does not apply to an authorized committee with \$50,000 or less in net debts outstanding on January 1 of the year following the general election that anticipates terminating prior to January 1 of the next election year, as long as the candidate has not qualified under 2 U.S.C. § 321 as a candidate in the next election and does not intend to become a federal candidate in the next election.

A new committee with no previous contributions or expenditures is considered to have reason to expect it will exceed the electronic filing threshold if it exceeds \$12,500 in contributions or expenditures during the first calendar quarter of the calendar year, or \$25,000 in contributions or expenditures in the first half of the calendar year.

Contact the FEC for more information on filing electronically.

## Line-by-Line Instructions

**LINE 1.** Print or type full name and mailing address of the committee. The name of a principal campaign committee or other authorized committee must include the name of the candidate who authorized the committee. A political committee which is not an authorized committee can not include the name of any candidate in its name, except that a delegate committee must include the word "delegate(s)" in its name and may also include the name of the Presidential candidate which it supports. A political committee established solely to elect an individual or to encourage an individual to become a candidate may include the name of the individual in the name of the committee, provided the committee's name clearly indicates that

it is a draft committee. The name of a separate segregated fund must include the full name of its connected organization. Any abbreviation or acronym used by the fund must also be reported. List the Internet address (URL) of the committee's official Web site, if such a Web site exists. If the committee is required to file electronically, or is a principal campaign committee of a candidate for the Senate or House of Representatives, also list an electronic mail address. Finally, if the committee is a principal campaign committee or an authorized committee, list the committee's fax number.

**LINE 2.** State the date the group or organization became a political committee. If this filing is an amendment, note the date of the change in information.

**LINE 3.** Only committees that have previously filed a Statement of Organization should fill in this block with the number that was originally assigned to the committee. All new committees will be assigned identification numbers when the completed statement has been received.

**LINE 4.** All political committees registering for the first time check the box labeled "NEW." Committees that have previously filed FEC FORM 1 and are now submitting changes or corrections check the box labeled "AMENDED." If "AMENDED" is checked, complete Lines 1 through 4. With respect to Lines 5 - 9 include only the change(s) in information previously submitted. Committees are reminded that any change or correction in the information previously filed in the Statement of Organization shall be reported no later than 10 days following the date of the change or correction. Committees that are required to file electronically are also required to file amendments to the Statement of Organization in an electronic format.

# INSTRUCTIONS FOR FEC FORM 1

**LINE 5. Check and fill out ONE of the six sections as follows:**

(a) All principal campaign committees check (a) and fill in the corresponding information for the candidate under (b).

(b) All other authorized committees check (b) and fill in the corresponding information for the candidate. In the boxes for committee/party affiliation, list the abbreviation of the party (e.g., for Democratic party, list "DEM," for Republican party, list "REP," for Reform party, list "REF," for Green party, list "GRE" or for Independent, list "IND.") Consult the Commission's Web site at [www.fec.gov](http://www.fec.gov) if unsure of the proper abbreviation to use.

(c) A committee supporting/opposing a single federal candidate which is not authorized by a candidate checks (c), and includes the candidate's name on the line provided. Disruptive and draft committees must check (c), and provide the name of the candidate supported.

(d) All national, State and subordinate committees of a political party check (d) and fill in whether the party is the national party (use code NAT), state party (use code STA) or subordinate committee (use code SUB). In the boxes for committee/party affiliation, list the abbreviation of the party (e.g., for Democratic party, list "DEM," for Republican party, list "REP," for Reform party, list "REF," for Green party, list "GRE" or for Independent, list "IND.") Consult the Commission's Web site at [www.fec.gov](http://www.fec.gov) if unsure of the proper abbreviation to use.

(e) All separate segregated funds check (e). A separate segregated fund is a political committee established, financed, maintained or controlled by a corporation, labor organization, membership organization, cooperative or trade association.

(f) A committee supporting/opposing more than one federal candidate and which is not a separate segregated fund or a political party committee checks box (f). All joint fundraising representatives check (f). A committee established to act as a joint fundraising representative is a political committee se-

lected or established by joint fundraising participants as the committee responsible for keeping joint fundraising records, allocating proceeds and expenses among participants and reporting the overall financial activity of the fundraiser.

**LINE 6. Political committees must list all affiliated committees and connected organizations (defined below) as follows. Do not leave this line blank. If there are no affiliated committees as described below, enter "None" on this line.**

• Principal campaign committees list all other committees authorized by the same candidate. Under "Relationship," enter "affiliated."

• Political committees authorized by the same candidate (other than the principal campaign committee) list the principal campaign committee authorized by the same candidate. Under "Relationship," enter "affiliated."

• Political committees which have been established, financed, maintained or controlled by the highest level parent organization (i.e., the corporation, labor organization, membership organization, cooperative or trade association) list:

• The name of the parent organization. Under "Relationship," enter "connected" AND

• The name of any other political committee(s) established, financed, maintained or controlled by the same parent organization or by a subsidiary, branch or State, local, or other subordinate unit of the same parent organization. Under "Relationship," enter "affiliated."

Political committees which have been established, financed, maintained or controlled by a subsidiary, branch or State, local, or other subordinate unit of an organization list:

• The name of the subsidiary, branch or State, local, or other subordinate unit and the name of the parent organization of which it is a part. Under "Relationship," enter "connected" AND

• The name of the highest level political committee sponsored by the parent organization. Under "Relationship," enter "affiliated."

• State party committees list any subordinate committees (i.e., any county, district or local committee) under the control or direction of the State committee. Under "Relationship," enter "affiliated." (See 11 CFR 110.3(b).)

• Subordinate State party committees list the State party committee. Under "Relationship," enter "affiliated." (See 11 CFR 110.3(b).)

• Joint fundraising representatives list all the political committees participating in the joint fundraising effort. Under "Relationship," enter "joint fundraising participant."

• Joint fundraising participants list the committee established to act as the joint fundraising representative. Under "Relationship," enter "joint fundraising representative."

Separate segregated funds must check the most appropriate box for the type of "connected organization." Note: The term "connected organization" means any organization which is not a political committee but which directly or indirectly establishes, administers or financially supports a political committee. A connected organization may be a corporation (including a corporation without capital stock), a labor organization, a membership organization, a cooperative, or a trade association. The definition of "affiliated committee" is contained at 11 CFR 100.5(g).

**LINE 7. Enter the name, address and committee position or the title of custodian of the committee's books and records on Line 7. The telephone number is optional, but is helpful in expeditiously resolving potential filing problems. If the treasurer is the custodian of records, the term "treasurer" is sufficient for Line 7.**

**LINE 8. Enter the name and address of the committee's treasurer on Line 8. The name and address of any designated agent (e.g., assistant treasurer) must also be included on Line 8. Every political committee must have a treasurer and may designate another person who shall assume the duties and responsibilities of the treasurer, in the event the treasurer is unavailable. The Commission**

# INSTRUCTIONS FOR FEC FORM 1

recommends that each political committee designate an assistant treasurer because no contributions or expenditures may be accepted or made by or on behalf of a political committee at a time when there is a vacancy in the office of the treasurer. No expenditure may be made for or on behalf of a political committee without the authorization of its treasurer or another agent authorized orally or in writing by the treasurer.

**LINE 9.** The committee must provide the name and mailing address of any bank, repository, or depository where the committee holds funds. Each political committee must have a checking account or transaction account at one of its depositories. All receipts of a political committee must be deposited into a designated campaign depository. All disbursements must be made by check or similar drafts drawn on an account at a designated campaign depository, except for expenditures of \$100 or less made from a petty cash fund.

Submit any additional information required for any Line on separate continuation sheets appropriately labeled and attached to the Statement of Organization and indicate in the appropriate section when information is continued on separate page(s).

## Treasurer's Responsibilities

The treasurer of the political committee must preserve a copy of the Statement of Organization and each amendment for a period of not less than 3 years after the date of filing. The treasurer of the political committee is personally responsible for the timely and complete filing of this Statement and for the accuracy of any information contained in it.

## Where to File

The original Statement of Organization (FEC FORM 1) and all amendments must be filed with the appropriate office as follows:

- The principal campaign committee of a candidate for the House of Representatives and political committees which support or oppose only candidates for the House file with the Federal Election Commission, 999 E Street, N.W., Washington, DC 20463.

- The principal campaign committee of a candidate for the Senate and political committees which support or oppose only candidates for the Senate file with the Secretary of the Senate, Office of Public Records, 232 Hart Senate Office Building, Washington, DC 20510-7116. Mail addressed to the Secretary of the Senate should read: "Office of Public Records, R.O. Box 5109, Alexandria, VA 22301-0109."

- An authorized committee which is not the principal campaign committee of a candidate files with the principal campaign committee which must forward a copy to the appropriate office listed herein.

- All other committees, including the principal campaign committee of a candidate for the office of President or Vice President, file with the Federal Election Commission, 999 E Street, N.W., Washington, DC 20463.

Principal campaign committees of House and Senate candidates must file a copy of this form with the state in which the office is sought, with the exception of committees of candidates in states that have qualified for the Commission's state filing waiver program. Principal campaign committees of Presidential candidates must file a copy of this form in each state in which they have made expenditures, with the exception of those states that have qualified for the Commission's state filing waiver program. A list of qualified states is available from the Federal Election Commission.

Unauthorized political committees must continue to file copies of this form with the states in which they have their headquarters, with the exception of committees that are located in states that have qualified for the state waiver program.

The Treasurer must sign the Statement of Organization.

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## A BuzzFlash News Analysis

February 16, 2003 | [Update](#)

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### Bush Announces "Bold" New Job Plan for India: GOP Hires 75 Telephone Marketers in New Delhi Suburb to Raise Funds for the Republicans, Exporting Away American Jobs

#### A BUZZFLASH NEWS ANALYSIS

Karl Rove has been using the word "bold" lately as spin to cover up the dreadful reality of most of Bush's proposals in recent weeks, including his deficit time bomb of an economic plan.

So it may be no surprise that Bush has launched, surreptitiously, a "bold" new jobs program for telemarketers in India. Of course, this "bold" program means that these 75 jobs have been lost to American workers in need.

And what will this "band of young and enthusiastic [Indian] fundraisers" be doing for the Bush GOP Cartel? Why raising money for the Republican coffers, of course.

Okay, you think BuzzFlash is making this up. How could a man in a leadership position in the White House export 75 jobs that American workers might get paid for -- at a time of great economic need in the U.S. -- to India? Especially (Ah, the sweet cruel irony) when the project is to raise more cash for the Republicans. Uh, BuzzFlash can't mean that the Bush Cartel is engaging in rank "stab the American Worker in the back" hypocrisy, right?

Ah, but BuzzFlash wouldn't call the Republican Party the Grand Hypocrisy Party (GHP) all the time if it weren't worthy of the name, would BuzzFlash?

So here's the proof.

According to a January 31, 2003, article in a New Delhi business publication called the "Business Standard," the Bush Cartel has retained HCL eServe, the business process outsourcing arm of the India based HCL Technologies. "HCL eServe has put in place a team of 75 people to work on the project out of its call centres in Noida and Gurgaon"

Now, let's get to the bottom line, as George W. would want us to:

"These operators are required to call up people in the US seeking

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their support for President George W Bush and a donation for the Republican cause."

Ain't that Grand, as in the Grand Hypocrisy Party!

Working out of a software technology park in Noida, not far from New Delhi, these 75 telemarketers may be joined by additional workers if they raise lots of cash for the GHP (which means more jobs lost to Americans).

So the Bush Cartel is saving a few pennies by hiring a firm in India to use Indian telemarketers to raise money for Bush and the Grand Hypocrisy Party (GHP) to better enable Bush and the GHP to "inform" American workers about all that the Republicans and Bush are doing to increase jobs in America. Ain't that Grand!

Now if ever there were a prototype example of the Bush Cartel's Grand Hypocrisy Party at Work, this would be it.

Not that BuzzFlash in anyway begrudges residents of India from enjoying a growth in job opportunities, but it does seem a bit -- shall we say -- sly, cynical and disgusting for the Bush Cartel to be exporting jobs to raise money for the GHP.

But it's not the first telemarketing/fundraising betrayal of American workers by the GHP. According to the article in the "Business Standard" of India, "The Republican contract comes on the heels of a successful anti-abortion campaign run by HCL eServe for a US politician."

What will be the next Grand Hypocrisy Party contract for this firm in India? Maybe the Bush Cartel will give the telemarketing firm (at the expense of American workers) a contract to raise money for the widows and orphans fund that our nation's "first hugger" -- as the Dim Son likes to think of himself -- will surely be creating for relatives of our military personnel killed in the pending Iraq War.

A BUZZFLASH NEWS ANALYSIS

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To read the "Business Standard" of India article revealing the betrayal of American workers by the Bush Cartel, see:

<http://www.business-standard.com/archives/2003/ian/50310103.016.asp>

\*\*\*

Update

February 20, 2003

On February 19, the *UPI Capital Comment* carried an RNC response to the article claiming that Republicans had hired 75 telemarketers in India to do telephone fundraising in the U.S. for the Republicans and Bush:

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"The Republican National Committee," UPI wrote, "through spokesman Kevin Sheridan, completely denies the allegation, telling UPI, 'Any report that the Republican National Committee has hired HCL eServe — the firm mentioned in the original Business Standard article — is a case of bad reporting, bad business practices or both. The RNC has no affiliation with HCL. Any inference to the contrary is flat out wrong. The RNC has informed both HCL and rediff.com of the inaccuracy of this report.'"

Just one important point to note in response to the RNC statement, neither the original *Indian Business Standard* article nor the BuzzFlash.com account of it ever mentioned the RNC. Read the RNC denial carefully. It doesn't rule out that a Republican consultant hired HCL, or that a separate Republican campaign fund (other than the RNC) retained them. The statement is also in the present tense. Might we ask if the RNC or any Republican fundraising committee in the United States has retained, now or in the past, HCL to fundraise using telemarketers in India? BuzzFlash would like to hear the answer to that question, not just from the RNC.

(See: <http://www.upi.com/view.cfm?StoryID=20030218-061324-3365r>)

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None of this shit works - Captain James T. Kirk

Thursday July 01, 2001

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## US Republican Party outsources fund raising to India

Whole world's gone batty - official

By Adams Rust: Wednesday 27 August 2003, 08:49

UPDATE 10 September 2001 See also our later stories about this affair. US Republican party threatens to sue the INQUIRER and US Republican Party denies it's outsourcing to India Both of these stories have links.

THE REPUBLICAN PARTY is using call centres in Gurgaon and Noida in India to raise funds for itself and for its chieftain, George W. Bush.

Young people at the call centres are helping robots to phone American citizens to enlist their support and money for the political party, with plans to extend the scheme if they whip up enough donations.

There's a high degree of automation involved in the process, according to Indian newspaper the Business Standard, which says that HCL Eserve is handling the business for the party.

India is the biggest democracy in the world, and has stayed that way since it threw off the yoke of the British Raj in 1947, courtesy of the Labour Party.

The magazine claims that "human intervention" is limited because of an integrated voice recording technology which picks up on clues from people that pick up the phone.

We do hope and trust here at the INQUIRER that the irony of underpaid people in Haryana helping robots to call possibly out of work Americans because of a widespread policy of corporate outsourcing is not lost on our readers. μ

L'INQ  
Gurgaon

Edited by Mike Magee  
Phone  
+44 208 248 2800

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**WorldNetDaily**

Friday, August 29, 2003

#### **ELECTION 2004**

## **GOP outsources fund-raising to India**

**Automated call centers set up to solicit Bush donations**

Posted: August 29, 2003  
1:00 a.m. Eastern

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Following the trend of major corporations across the country, the Republican Party is outsourcing fund-raising jobs to India.

The Indian magazine *Business Standard* reports a team of at least 75 people will man the phones in call centers set up in Noida and Gurgaon, India, as part of a fund-raising blitz.

The operators, hired by HCL eServe, a division of HCL Technologies, are required to telephone people in the United States and solicit their support for President George W. Bush and a donation for the Republican cause.

HCL Technologies is one of India's leading global IT services and product engineering companies. It has joint ventures with U.S.-based companies Answerthink and Computech.

"We cannot comment on any client-related issues as a policy," the magazine quotes the HCL eServe spokesperson as saying.

An automated system eliminates any concern of problems arising from a language barrier.

"The process is designed in such a way as to limit human intervention. The company wants to complete the process using the integrated voice recording technology, which allows navigation using voice responses," an insider told the magazine.

This marks the first time, according to the journal's sources, the GOP has opted to outsource drumming for dollars instead of relying on its public relations firms. A successful anti-abortion campaign run by HCL eServe for an unnamed U.S. politician may have played a role in the decision to switch gears.

Bush has previously set fund-raising records, according to the Associated Press. In 2000, he bypassed public financing and its associated spending limits during the primaries and raised more than \$100 million. Last year, he set a single-event record by collecting more than \$30 million at a GOP fund-raiser.

When asked by a reporter at a press conference last month how he planned to raise \$170 million for the primaries Bush responded, "Watch me."

As of the end of June, Bush had raised \$35 million.

Party leaders aren't resting on their laurels. A fund-raising e-mail sent by campaign chairman Marc Racicot Wednesday night seeks to portray the president as the underdog in the cash race, according to the AP.

"Democrats and their allies will have more money to spend attacking the president during the nomination battle than we will have to defend him," Racicot wrote. "If you need more convincing the president needs your help, consider what the Democrats are saying. The race is just starting, but their rhetoric is already red-hot."

U.S. outsourcing has proven to be a boon for the Indian economy. According to the National Association of Software and Services Companies, the Indian business-process outsourcing sector has seen a three-fold increase in employment from 25,000 in 1999 to 106,000 in 2002.

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**WORLDNETDAILY****ELECTION 2004****GOP outsources fund-raising to India****Automated call centers set up to solicit Bush donations**Posted: August 29, 2003  
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An automated system eliminates any concern of problems arising from a language barrier.

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**Bush Campaign Ran from Noida Call Centre**  
By K.A. Badarinarath and Prema K. Mishra  
The Hindustan Times

Sunday 18 May 2004

The political split in the US over outsourcing notwithstanding, till very recently the fund-raising and vote-seeking campaign for the Republican Party was done partly out of India. And this was handled by two call centres located in our own friendly neighbourhood in Noida and Gurgaon.

For 14 months between May 16, 2002 and July 22, 2003, HCL BPO Services, the 100 per cent-owned subsidiary of Shiv Nadar-promoted HCL Technologies, had some 125 agents working in seven teams soliciting financial contributions for the Republican Party. US presidential elections are slated for November 2004.

The mandate for the teams was to mobilise support for President George W. Bush and solicit political contributions ranging between \$5 and \$3,000 from lakhs of registered Republican voters. The voters database was provided by the Republican National Committee (RNC), the party's premier political organisation.

The contract for running the campaigns was originally awarded by RNC to Washington-based Capital Communications Group that provides consulting services to government and private alike for cultural and political networking. For cost and efficiencies gains, the company outsourced the work to HCL Technologies that in turn sent it offshore.

When contacted by Hindustan Times, sources close to the deal within HCL BPO Services said, "We work under a non-disclosure clause with most of our clients (barring British Telecom) and hence would not be in a position to comment on any such deal."

According to the deal details, at any point in time, 75 agents worked on a \$9.25 per hour per person billing rate, and contacted at least 20,000 voters through an automatic dialer. Sources confirmed that on a conservative estimate at least 80 lakh registered republican voters have been contacted.

During the period, HCL ran nearly six to seven campaigns on various issues, some in the form of simple 'yes or no' polls on issues like 'Pro Choice Pro Life' that tried to capture the sentiment in the US audiences about abortion.

There were other campaigns that were of the fund raising nature where the voter would pledge an amount to the party. The RNC would do the follow up in the US for fund retrieval.

The target for the team was to get a pledge of \$400 per day. Going by

conservative estimates, at least funds worth \$10 million were committed for President Bush through the HPO centres in India.

But the million-dollar question is why was the contract called off? Insiders say the growing resentment in the US against outsourcing to India and strong reactions from Democratic Presidential candidate John Kerry were at the root of capping the contract. The anti-outsourcing lobby within the Republicans also had a hand in ending the contract, insiders divulged. But according to HCL sources one consideration was non-visibility in the last few months after having covered most voters from the RNC database.

Maybe the Indian political establishment can take a lesson from or two from Republicans in US and outsource its fund raising campaign during next general elections.

**Jump to TO Features for Sunday May 23, 2004**

**Today's TO Features**

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By Al Kamen

Al Kamen

## Would GOP Go to India for Votes?

By Al Kamen

Friday, June 4, 2004; Page A21

One of the odder tales floating around these days comes from the press in India, which reports that the Republican National Committee has outsourced its fundraising and voter canvassing call centers to Noida and Gurgaon, that is, India.

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A recent Hindustan Times story said an Indian company owned by HCL Technologies Ltd. ran the phone banks. It cited "HCL sources" and detailed how many teams were involved, the contract dates, how many GOP voters were called (8 million) and even what the callers were paid per hour.

The RNC flatly, totally, completely denied the allegations, which had

been heavily peddled by the Democrats, saying it was an "untame urban legend." The contract signed by the RNC and telemarketer Capital Communications Group Inc. of Mesa, Ariz., explicitly states all calls be made in the United States. And the RNC, we're told, closely monitored the contract.

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Also, Sumit Bhattacharya, HCL BPO executive vice president for marketing and strategic planning, told our colleague Rama Lakshmi in New Delhi last week that "HCL BPO neither worked nor solicited contributions for any political party. We have no further comments on this matter."

But the Hindustan Times, a rather conservative, 1 million circulation English daily, is standing by its story, an account reporter K.A. Barinathan told us he spent weeks working on.

The oddest thing is that Capital Communications, a key player in this strange yarn, which received nearly \$500,000 from the Republicans last year and nearly \$3.5 million in the 2002 election cycle, appears to have gone out of business. Its phone number is "no longer in service," the recording says, and there's no new one. Efforts to locate its president, Bill Tierney, so far have been fruitless. The RNC says it doesn't know where he is.

Still, while the Hindustan Times may be writing more on this, absent some additional documents, on-the-record sources or some other corroboration, this story appears headed for the dustbin.

#### Path Looks Like Dead End

Everyone talks about how crucial the Latino vote is going to be in November. Both parties are putting out literature and Web pages in Spanish in an effort to communicate better with this huge constituency.

The Republicans have a sign-up page -- called "Abriendo Caminos" or opening paths -- that promises Spanish-speaking folks that President Bush and the GOP will "send you weekly news about the topics that most interest you."

The sign-up page asks the usual stuff -- name, address, telephone number and e-mail address. You are to check which of many listed topics -- immigration, health, Social Security, corporate responsibility, crime prevention and so on -- are of most interest.

Then it asks what you are. There are four options: war veteran or retired military; teacher or educator; senior citizen; or farmer or rancher. That's it. Nothing for lawyers, doctors, engineers or corporate executives to check.

Not even a box for "otro?"

#### Sworn In, Sworn At

Freshman, very freshman, Rep. Stephanie Herseth (D-S.D.), just elected Tuesday, showed up in the House yesterday as ecstatic Democrats hailed her as the greatest thing since sliced bread. The Dems had picked up a Republican House seat.

Then she cast her first vote against some GOP proposal on unemployed workers.